

E AND R AMENDMENTS TO LB 658

Introduced by Enrollment and Review Committee: McGill, 26,  
Chairperson

1           1. Strike the original sections and all amendments  
2 thereto and insert the following new sections:

3           Section 1. (1) Any individual or group of individuals  
4 residing in a Class II, III, or IV school district may propose  
5 a plan to create a new Class I school district. The plan shall  
6 contain a statement providing the reason for the request to  
7 create the proposed district, a legal description of the proposed  
8 district, a map of the proposed district, a list of at least three  
9 resident students who will enroll in such district as attested  
10 to in writing by a parent or legal guardian, a facilities plan,  
11 a staffing plan, an estimated budget, and a proposed method for  
12 dividing assets and liabilities between the Class II, III, or  
13 IV school district and the proposed Class I school district. The  
14 proposed district shall consist of contiguous territory of at  
15 least twenty square miles, only territory which is then within  
16 the boundaries of a single Class II, III, or IV school district,  
17 and territory that does not divide a precinct as defined in  
18 section 32-114. The estimated number of students shall be based  
19 on a survey of individuals residing in the proposed district. The  
20 facilities plan shall include the location of the building, whether  
21 an existing building will be transferred from the Class II, III, or  
22 IV school district to the new Class I school district, and the cost  
23 of any proposed facility purchase, construction, or renovation. If

1 the facilities plan would require a capital facility bond, the  
2 plan shall include a proposal for a bond issue to be voted upon  
3 concurrently with the plan and both the vote for the creation of a  
4 new Class I school district and the vote for such bond issue must  
5 be successful in order for the new Class I school district to be  
6 created.

7 (2) Such plan shall be filed with the school board of  
8 the affected Class II, III, or IV school district and the State  
9 Committee for the Reorganization of School Districts. The state  
10 committee shall approve the plan if the minimum requirements of  
11 subsection (1) of this section are met. If the minimum requirements  
12 are not met, the state committee shall reject the plan with an  
13 explanation of the unmet requirements. Such approval or rejection  
14 shall be made within sixty days after receipt of the plan.

15 (3) If the state committee approves the plan, it shall  
16 submit the plan within five days after such approval to the  
17 election commissioner or county clerk of the county in which the  
18 Class II, III, or IV school district is headquartered.

19 (4) If the state committee rejects the plan, the  
20 individual or group of individuals initiating the plan may appeal  
21 the rejection to the State Board of Education on a form prescribed  
22 by the State Department of Education. The state board shall  
23 consider the appeal at a meeting within seventy-five days after  
24 the appeal is filed and determine at such meeting if the minimum  
25 requirements have been met. The individual or group of individuals  
26 appealing the decision shall have an opportunity to testify at such  
27 meeting. If the state board reverses the decision of the state

1 committee and approves the plan, the state board shall submit the  
2 plan to the election commissioner or county clerk of the county in  
3 which the Class II, III, or IV school district is headquartered  
4 within five days after such approval.

5           Sec. 2. An election commissioner or county clerk  
6 receiving an approved plan pursuant to section 1 of this act shall  
7 put the plan into petition form within sixty days following receipt  
8 of the plan. The petition form shall be based on a standard form  
9 developed by the Secretary of State for such purpose. The petition  
10 shall contain a statement providing the reason for the request to  
11 create the proposed district, a legal description of the proposed  
12 district, a map of the proposed district, and the other elements  
13 of the plan required by section 1 of this act. The individual or  
14 group of individuals initiating the plan shall be responsible for  
15 gathering sufficient signatures on such petitions in order for the  
16 plan to be placed on the ballot at the next statewide primary or  
17 general election. In order for the plan to be placed on the ballot,  
18 such petitions shall contain the signatures of not less than ten  
19 percent of the registered voters residing in the affected Class II,  
20 III, or IV school district, which total shall include not less than  
21 fifty percent of the registered voters residing in the proposed  
22 Class I school district, verified as provided in section 32-631.  
23 The petitions shall be filed with the election commissioner or  
24 county clerk for signature verification for a primary election on  
25 or before February 15 immediately preceding the primary election  
26 and for a general election on or before August 15 immediately  
27 preceding the general election. If the election commissioner or

1 county clerk determines that the appropriate number of registered  
2 voters signed the petitions, he or she shall place the issue on  
3 the ballot for the next statewide primary or general election.  
4 Petition circulators and signers shall conform to the requirements  
5 of sections 32-629 and 32-630.

6           Sec. 3. If the petitions submitted pursuant to section  
7 2 of this act contain sufficient verified signatures, the plan  
8 shall be certified by the election commissioner or county clerk who  
9 received the petitions and shall be placed on the ballot for the  
10 following statewide primary or general election in accordance with  
11 the Election Act. The ballot language shall be based on a standard  
12 form developed by the Secretary of State for such purpose and shall  
13 contain the description of the boundaries of the proposed Class  
14 I school district and the affected Class II, III, or IV school  
15 district as contained in the petition. A map of the proposed Class  
16 I school district and the affected Class II, III, or IV school  
17 district which is identical to the map contained in the petitions  
18 shall be prominently displayed at each polling place. The prorated  
19 share of costs of such election shall be paid by the affected Class  
20 II, III, or IV school district pursuant to sections 32-1201 to  
21 32-1208. Only the registered voters of the affected Class II, III,  
22 or IV school district may vote in such election.

23           Sec. 4. If a majority of the persons voting on the ballot  
24 question submitted pursuant to section 3 of this act vote in favor  
25 of creating the Class I school district described in the petition,  
26 the State Committee for the Reorganization of School Districts  
27 shall issue an order under section 5 of this act not more than

1 forty days following a primary election or before December 31  
2 following a general election. The provisions of sections 79-492 to  
3 79-495 relating to school district organization shall apply to such  
4 Class I school district.

5       Sec. 5. The order of the State Committee for the  
6 Reorganization of School Districts creating a new Class I school  
7 district shall:

8           (1) Designate an effective date of the following July 1  
9 for the creation of the new Class I school district;

10           (2) Contain the description of the proposed boundaries of  
11 the new Class I school district and the affected Class II, III, or  
12 IV school district and a map of such boundaries, as provided in the  
13 plan approved pursuant to section 2 of this act;

14           (3) Affiliate the Class I school district with the  
15 affected Class II, III, or IV school district;

16           (4) Provide a method for dividing the assets and  
17 liabilities of the Class II, III, or IV school district between  
18 the Class I school district and the Class II, III, or IV school  
19 district as provided in such plan; and

20           (5) Appoint an initial school board of three residents of  
21 the Class I school district who shall begin serving immediately and  
22 who shall serve until the first annual meeting of the new Class I  
23 school district.

24       Sec. 6. The State Department of Education shall recognize  
25 a local system as defined in section 79-1003 consisting of a  
26 Class II, III, or IV school district and the affiliated Class I  
27 school district as a single Class II, III, or IV school district

1 for state aid, budgeting, accreditation, enrollment of students,  
2 state programs, and reporting. The local system shall submit a  
3 single report document for each of the reports required of school  
4 districts pursuant to Chapter 79 and shall submit a single budget  
5 document pursuant to the Nebraska Budget Act and sections 13-518 to  
6 13-522.

7 The local system shall also have a single  
8 collective-bargaining agreement, negotiated by the Class II, III,  
9 or IV school district in such local system, covering all of the  
10 teachers in the local system, with the financial responsibility  
11 for providing compensation and benefits remaining with the school  
12 district employing the teacher. For purposes of reduction in  
13 force pursuant to sections 79-846 to 79-849, a teacher shall be  
14 considered a teacher of the district employing such teacher, but  
15 such teacher shall be given full credit for the years of teaching  
16 experience in the local system and tenure or permanent status  
17 rights if such teacher is hired by another school district in the  
18 same local system.

19 Sec. 7. Upon the effective date of an order pursuant to  
20 section 5 of this act creating a Class I school district, the  
21 residents of any such Class I school district shall also be deemed  
22 residents of the affiliated Class II, III, or IV school district  
23 and deemed registered voters in both school districts. On and  
24 after January 1, 2008, all new bonded indebtedness for such school  
25 districts shall be voted on by registered voters of the entire  
26 local system and the entire territory of the local system shall be  
27 subject to taxation for repayment of such bonded indebtedness if

1 approved.

2           Sec. 8. (1) The school board of a Class II, III, or IV  
3 school district may call for a special election of the voters of  
4 an affiliated Class I school district to determine if such Class  
5 I school district shall be retained. Only the registered voters  
6 of the Class I school district shall be eligible to vote in such  
7 election. If less than fifty percent of those voting in the special  
8 election vote to retain the Class I school district, the Class I  
9 school district shall be dissolved. If the Class I school district  
10 is required to be dissolved as a result of such election, the State  
11 Committee for the Reorganization of School Districts shall issue an  
12 order merging such Class I school district into such Class II, III,  
13 or IV school district with an effective date of July 1 following  
14 such special election, except that if the special election is held  
15 between January 1 and July 1, the effective date shall be July 1  
16 of the following calendar year. Such special election may not be  
17 held more than once every two calendar years. Such special election  
18 shall not be held by mail, and the cost of such election shall  
19 be paid by the Class II, III, or IV school district. Except as  
20 otherwise provided in this section, the provisions of the Election  
21 Act governing special elections apply to a special election held  
22 under this section.

23           (2) The school board of a Class I school district created  
24 pursuant to sections 1 to 7 of this act may vote to dissolve  
25 such Class I school district by resolution of the board with an  
26 effective date stated in the resolution of July 1 following the  
27 adoption of the resolution or the following July 1. Such resolution

1 shall be delivered to the Class II, III, or IV school district  
2 with which the Class I school district is affiliated and to the  
3 State Committee for the Reorganization of School Districts within  
4 ten days after its adoption by the board. The state committee shall  
5 issue an order merging such Class I school district into such Class  
6 II, III, or IV school district with the effective date stated in  
7 the resolution.

8           Sec. 9. Section 23-3302, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10           23-3302 The county board of any county may contract with  
11 the educational service unit of which it is a part, with a Class  
12 II, III, IV, or V ~~or VI~~ school district, or with an individual  
13 who holds a Nebraska certificate to administer, to be a county  
14 school administrator for Class I school districts in the county  
15 and to perform other designated county educational activities. Any  
16 contract entered into under this section shall not exceed a period  
17 of one year. The county school administrator, with the approval  
18 of the county board, shall have the authority to employ such  
19 other persons as may be necessary to assist the county school  
20 administrator in the performance of his or her duties.

21           Sec. 10. Section 32-570, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23           32-570 (1) A vacancy in the membership of a school board  
24 shall occur as set forth in section 32-560 or when a member is  
25 absent from the district for a continuous period of sixty days at  
26 one time or from more than two consecutive regular meetings of the  
27 board unless excused by a majority of the remaining members of the

1 board.

2 (2) A person appointed to fill a vacancy on the school  
3 board of a Class I school district by the remaining members of  
4 the board shall hold office until the beginning of the next school  
5 year. A board member of a Class I school district elected to fill a  
6 vacancy at a regular or special school district meeting shall serve  
7 for the remainder of the unexpired term or until a successor is  
8 elected and qualified.

9 (3) Except as provided in subsection (4) of this section,  
10 a vacancy in the membership of a school board of a Class II,  
11 III, IV, or V, ~~or VI~~ school district resulting from any cause  
12 other than the expiration of a term shall be temporarily filled  
13 by appointment of a qualified registered voter by the remaining  
14 members of the board. A registered voter shall be nominated at  
15 the next primary election and elected at the following general  
16 election for the remainder of the unexpired term. A registered  
17 voter appointed or elected pursuant to this subsection shall meet  
18 the same requirements as the member whose office is vacant.

19 (4) Any vacancy in the membership of a school board of  
20 a school district which does not nominate candidates at a primary  
21 election and elect members at the following general election shall  
22 be temporarily filled by appointment of a qualified registered  
23 voter by the remaining members of the board. A registered voter  
24 shall be nominated and elected to fill the vacancy for the  
25 remainder of the term in the manner provided for nomination and  
26 election of board members in the district.

27 (5) If any school board fails to fill a vacancy on the

1 board, the vacancy may be filled by election at a special election  
2 or school district meeting called for that purpose. Such election  
3 or meeting shall be called in the same manner and subject to  
4 the same procedures as other special elections or school district  
5 meetings.

6 (6) If there are vacancies in the offices of a majority  
7 of the members of a school board, the Secretary of State shall  
8 conduct a special school district election to fill such vacancies.

9 Sec. 11. Section 72-2304, Revised Statutes Cumulative  
10 Supplement, 2006, is amended to read:

11 72-2304 (1) In addition to any other borrowing powers  
12 provided for by law, a qualified public agency shall have the  
13 power to issue its negotiable bonds to any joint entity as defined  
14 in section 13-803 or to any joint public agency as defined in  
15 section 13-2503 in connection with any joint project which is to be  
16 owned, operated, or financed by the joint entity or joint public  
17 agency for the benefit of the qualified public agency. The bonds  
18 may be issued only if the second largest participant in the joint  
19 project has a financial contribution in the joint project of at  
20 least twenty-five percent of the debt service. Such bonds may be  
21 issued after the qualified public agency has conducted a public  
22 hearing on the issuance of bonds. Notice of such public hearing  
23 shall be given by publication in a newspaper of general circulation  
24 within the territory of the qualified public agency by at least  
25 one publication occurring not less than ten days prior to the  
26 time of hearing. After the public hearing, the governing body of  
27 the qualified public agency may proceed to adopt a bond measure

1 authorizing bonds.

2 (2) Notice of any such bond measure shall be given by  
3 publication of notice of intention to issue bonds in a newspaper  
4 of general circulation within the territory of the qualified public  
5 agency at least twice after the adoption of the bond measure. Such  
6 publications shall be at least three weeks apart. The notice shall  
7 state:

8 (a) The name of the qualified public agency;

9 (b) The purpose of the issue;

10 (c) The principal amount of the issue;

11 (d) The amount of annual debt service payment anticipated  
12 for the bonds, which may be stated as an approximation or estimate,  
13 and the anticipated duration for such debt service payments; and

14 (e) The time and place where a copy of the form of the  
15 bond measure may be examined for a period of at least thirty days.

16 (3) No election shall be required prior to the issuance  
17 of bonds under the Public Facilities Construction and Finance Act  
18 unless, within sixty days after the first publication of the notice  
19 of intention to issue bonds, a remonstrance petition against the  
20 issuance of bonds is filed with the clerk or secretary of the  
21 qualified public agency. Such remonstrance petition shall be signed  
22 by registered voters of the qualified public agency equal in number  
23 to at least five percent of the number of registered voters of the  
24 qualified public agency at the time the remonstrance petition is  
25 filed or at least the number of signatures listed in subsection  
26 (5) of this section for the applicable qualified public agency,  
27 whichever is less. If a remonstrance petition with the necessary

1 number of qualified signatures is timely filed, the question shall  
2 be submitted to the voters of the qualified public agency at a  
3 general election or a special election called for the purpose of  
4 approving the bonds proposed to be issued. Any joint project for  
5 which bonds are issued in accordance with the procedures of the act  
6 shall not require any other approval or proceeding by the governing  
7 body or the voters of the qualified public agency.

8 (4) No election shall be required for any qualified  
9 public agency not issuing bonds to participate in such joint  
10 project unless, within sixty days after the governing body of  
11 the qualified public agency adopts the measure approving the  
12 interlocal or cooperative agreement related to the joint project, a  
13 remonstrance petition is filed with the clerk or secretary of the  
14 qualified public agency. Such remonstrance petition shall be signed  
15 by registered voters of the qualified public agency equal in number  
16 to at least five percent of the number of registered voters of the  
17 qualified public agency at the time the remonstrance petition is  
18 filed or at least the number of signatures listed in subsection  
19 (5) of this section for the applicable qualified public agency,  
20 whichever is less. If a remonstrance petition with the necessary  
21 number of qualified signatures is timely filed, the question shall  
22 be submitted to the voters of the qualified public agency at a  
23 general election or a special election called for the purpose of  
24 approving the interlocal or cooperative agreement related to the  
25 joint project.

26 (5) The chart in this subsection provides the alternative  
27 number of signatures of registered voters of a qualified public

1 agency which may be used to submit a remonstrance petition under  
2 subsection (3) or (4) of this section. The classification of  
3 counties in section 23-1114.01 applies for purposes of this  
4 section.

5	Qualified Public Agency	Number of Signatures
6		of Registered Voters
7		
8	City of the Metropolitan Class	1500
9	City of the Primary Class	1000
10	City of the First Class	750
11	City of the Second Class	250
12	Villages	50
13	Municipal County	1500
14	Class 7 County	1500
15	Class 6 County	1000
16	Class 5 County	750
17	Class 4 County	500
18	Class 3 County	250
19	Class 2 County	100
20	Class 1 County	50
21	<del>Class VI School District</del>	250
22	Class V School District	1500
23	Class IV School District	1000
24	Class III School District	500
25	Class II School District	250
26	Class I School District	250
27	Educational Service Unit	250

1	Community College Area	1500
2	Fire Protection District	500
3	Hospital District	500
4	Sanitary and Improvement District	500

5           Sec. 12. Section 79-102, Revised Statutes Cumulative  
6 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
7 amended to read:

8           79-102 School districts in this state are classified as  
9 follows:

10           (1) Class I includes any school district that maintains  
11 only elementary grades under the direction of a single school  
12 board;

13           (2) Class II includes any school district embracing  
14 territory having a population of one thousand inhabitants or less  
15 that maintains both elementary and high school grades under the  
16 direction of a single school board;

17           (3) Class III includes any school district embracing  
18 territory having a population of more than one thousand and less  
19 than one hundred fifty thousand inhabitants that maintains both  
20 elementary and high school grades under the direction of a single  
21 school board;

22           (4) Class IV includes any school district embracing  
23 territory having a population of one hundred thousand or more  
24 inhabitants with a city of the primary class within the territory  
25 of the district that maintains both elementary and high school  
26 grades under the direction of a single school board; and

27           (5) Class V includes any school district whose employees

1 participate in a retirement system established pursuant to the  
2 Class V School Employees Retirement Act and which embraces  
3 territory having a city of the metropolitan class within the  
4 territory of the district that maintains both elementary grades and  
5 high school grades under the direction of a single school board and  
6 any school district with territory in a city of the metropolitan  
7 class created pursuant to the Learning Community Reorganization Act  
8 and designated as a Class V school district in the reorganization  
9 plan. ~~and~~

10 ~~(6) Class VI includes any school district in this state~~  
11 ~~that maintains only a high school, or a high school and grades~~  
12 ~~seven and eight or six through eight as provided in section 79-411,~~  
13 ~~under the direction of a single school board.~~

14 Sec. 13. Section 79-401, Revised Statutes Cumulative  
15 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
16 amended to read:

17 79-401 The Legislature finds and declares that orderly  
18 and appropriate reorganization of school districts may contribute  
19 to the objectives of tax equity, educational effectiveness, and  
20 cost efficiency. The Legislature further finds that there is a  
21 need for greater flexibility in school reorganization options and  
22 procedures. It is the intent of the Legislature to encourage an  
23 orderly and appropriate reorganization of school districts. The  
24 Legislature establishes as its goals for the reorganization of  
25 school districts that:

26 (1) All real property and all elementary and secondary  
27 students should be within school systems which offer education in

1 grades kindergarten through twelve; ~~For purposes of meeting this~~  
2 ~~goal, Class I and Class VI school district combinations shall be~~  
3 ~~considered as including all real property and all elementary and~~  
4 ~~secondary students within a school district which offers education~~  
5 ~~in kindergarten through grade twelve;~~

6 (2) School districts offering education in kindergarten  
7 through grade twelve should be encouraged, when possible, to  
8 consider cooperative programs in order to enhance educational  
9 opportunities to students; and

10 (3) The State Department of Education in conjunction  
11 with the Bureau of Educational Research and Field Studies in  
12 the Department of Education Administration at the University of  
13 Nebraska-Lincoln should be encouraged to offer greater technical  
14 assistance to school districts which are considering reorganization  
15 options.

16 Sec. 14. Section 79-402, Revised Statutes Cumulative  
17 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
18 amended to read:

19 79-402 (1) By July 1, 1993, all taxable property and  
20 all elementary and high school students shall be in school systems  
21 which offer education in grades kindergarten through twelve. For  
22 purposes of meeting such requirement, a ~~Class I district or portion~~  
23 ~~thereof which is part of a Class VI district and a Class I district~~  
24 ~~or portion thereof~~ affiliated with ~~one or more~~ a Class II, III,  
25 or IV, ~~or V districts~~ district shall be considered to include all  
26 taxable property and all elementary and high school students within  
27 a school system which offers education in grades kindergarten

1 through twelve.

2 (2) Effective July 1, 1993, with the full implementation  
3 of section 79-1077, the Legislature will have attained its school  
4 reorganization goals for Class I districts as described in section  
5 79-401.

6 Sec. 15. Section 79-403, Revised Statutes Cumulative  
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
8 amended to read:

9 79-403 ~~(1)~~ Except as provided in subsections ~~(2)~~ and  
10 ~~(3)~~ of this section, sections 1 to 8 of this act, no new school  
11 district shall be created unless such district provides instruction  
12 in kindergarten through grade twelve.

13 ~~(2)~~ A new Class VI school district may be created if:

14 ~~(a)~~ Such Class VI school district will include at least  
15 two or more previously existing Class II or Class III school  
16 districts, except that if a reorganization petition for formation  
17 of a Class VI school district is initiated by a petition signed by  
18 fifty-five percent of the legal voters of a Class II or III school  
19 district, then such Class VI school district may include only one  
20 Class II or III school district, and

21 ~~(b)~~ The enrollment of the new Class VI school district  
22 is ~~(i)~~ at least one hundred twenty-five pupils if the district  
23 offers instruction in grades nine through twelve, ~~(ii)~~ at least one  
24 hundred seventy-five pupils if the district offers instruction in  
25 grades seven through twelve, or ~~(iii)~~ at least two hundred students  
26 if the district offers instruction in grades six through twelve,  
27 except that if such district will have population density of less

1 than three persons per square mile, then the enrollment shall be  
2 at least seventy-five students if the district offers instruction  
3 in grades nine through twelve, at least one hundred students if  
4 the district offers instruction in grades seven through twelve, or  
5 at least one hundred twenty-five students if the district offers  
6 instruction in grades six through twelve.

7 ~~(3) One or more new Class I districts may be created as~~  
8 ~~a part of a reorganization petition pursuant to subsection (2) of~~  
9 ~~this section.~~

10 Sec. 16. Section 79-413, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13 79-413 (1) The State Committee for the Reorganization of  
14 School Districts created under section 79-435 may create a new  
15 Class II, III, or IV school district from other districts, or  
16 change the boundaries of any Class II, III, or IV district that  
17 is not a member of a learning community, or affiliate a Class I  
18 district or portion thereof with one or more existing Class II,  
19 III, IV, or V districts upon receipt of petitions signed by sixty  
20 percent of the legal voters of each district affected. If the  
21 petitions contain signatures of at least sixty-five percent of the  
22 legal voters of each district affected, the state committee shall  
23 approve the petitions. When area is added to a Class VI district  
24 or when a Class I district which is entirely or partially within a  
25 Class VI district is taken from the Class VI district, the Class VI  
26 district shall be deemed to be an affected district.

27 Any petition of the legal voters of a Class I district

1 in which no city or village is situated which is commenced after  
2 January 1, 1996, and proposes the dissolution of the Class I  
3 district and the attachment of a portion of it to two or more  
4 districts shall require signatures of more than fifty percent of  
5 the legal voters of such Class I district. If the state committee  
6 determines that such petition contains valid signatures of more  
7 than fifty percent of the legal voters of such Class I district,  
8 the state committee shall grant the petition.

9           (2)(a) Petitions proposing to change the boundaries of  
10 existing school districts that are not members of a learning  
11 community through the transfer of a parcel of land, not to exceed  
12 six hundred forty acres, shall be approved by the state committee  
13 when the petitions involve the transfer of land between Class I,  
14 II, III, or IV school districts or when there would be an exchange  
15 of parcels of land between Class I, II, III, or IV school districts  
16 and the petitions have the approval of at least sixty-five percent  
17 of the school board of each affected district. If the transfer of  
18 the parcel of land is from a Class I school district to one or more  
19 Class II, III, IV, V, or VI school districts of which the parcel is  
20 not a part or with which the parcel is not affiliated, any Class  
21 II, III, IV, V, or VI school district of which the parcel is not  
22 a part or with which the parcel is affiliated shall be deemed an  
23 affected district.

24           (b) The state committee shall not approve a change of  
25 boundaries pursuant to this section relating to affiliation of  
26 school districts if twenty percent or more of any tract of land  
27 under common ownership which is proposing to affiliate is not

1 contiguous to the high school district with which affiliation is  
2 proposed unless (i) one or more resident students of the tract of  
3 land under common ownership has attended the high school program of  
4 the high school district within the immediately preceding ten-year  
5 period or (ii) approval of the petition or plan would allow  
6 siblings of such resident students to attend the same school as the  
7 resident students attended.

8           ~~(3)(a)~~ Petitions (2)(a) A petition proposing to create a  
9 new Class II, III, or IV school district, or to change the boundary  
10 lines of existing Class II, III, or IV school districts that are  
11 not members of a learning community, ~~to create an affiliated school~~  
12 ~~system,~~ or to affiliate a Class I district in part and to join  
13 such district in part with a Class VI district, any either of which  
14 involves the transfer of more than six hundred forty acres, shall,  
15 when signed by at least sixty percent of the legal voters in each  
16 district affected, be submitted to the state committee. In the case  
17 of a petition for affiliation or a petition to affiliate in part  
18 and in part to join a Class VI district, the state committee shall  
19 review the proposed affiliation subject to sections 79-425 and  
20 79-426. The state committee shall, within forty days after receipt  
21 of the petition, hold one or more public hearings and review and  
22 approve or disapprove such proposal.

23           (b) The state committee shall also review and approve or  
24 disapprove incentive payments under section 79-1010.

25           (c) If there is a bond election to be held in conjunction  
26 with the petition, the state committee shall hold the petition  
27 until the bond election has been held, during which time names may

1 be added to or withdrawn from the petitions. The results of the  
2 bond election shall be certified to the state committee.

3 (d) If the bond election held in conjunction with the  
4 petition is unsuccessful, no further action on the petition is  
5 required. If the bond election is successful, within fifteen days  
6 after receipt of the certification of the bond election results,  
7 the state committee shall approve the petition and notify the  
8 county clerk to effect the changes in district boundary lines as  
9 set forth in the petitions.

10 ~~(4)~~ (3) Any person adversely affected by the changes made  
11 by the state committee may appeal to the district court of any  
12 county in which the real estate or any part thereof involved in  
13 the dispute is located. If the real estate is located in more than  
14 one county, the court in which an appeal is first perfected shall  
15 obtain jurisdiction to the exclusion of any subsequent appeal.

16 ~~(5)~~ (4) A signing petitioner may withdraw his or her name  
17 from a petition and a legal voter may add his or her name to  
18 a petition at any time prior to the end of the period when the  
19 petition is held by the state committee. Additions and withdrawals  
20 of signatures shall be by notarized affidavit filed with the state  
21 committee.

22 Sec. 17. Section 79-415, Revised Statutes Cumulative  
23 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
24 amended to read:

25 79-415 ~~(1)~~ In addition to the petitions of legal voters  
26 pursuant to section 79-413, changes in boundaries and the creation  
27 of a new Class II, III, or IV school district from other districts

1 may be initiated and accepted by the school board or board of  
2 education of any district that is not a member of a learning  
3 community.

4 ~~(2) In addition to the petitions of legal voters pursuant~~  
5 ~~to section 79-413, the affiliation of a Class I district or portion~~  
6 ~~thereof with one or more Class II, III, IV, or V districts may be~~  
7 ~~initiated and accepted by:~~

8 ~~(a) The board of education of any Class II, III, IV, or V~~  
9 ~~district; and~~

10 ~~(b) The school board of any Class I district in which is~~  
11 ~~located a city or incorporated village.~~

12 Sec. 18. Section 79-416, Revised Statutes Cumulative  
13 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
14 amended to read:

15 79-416 When the legal voters of a Class I or Class II  
16 school district that is not a member of a learning community and  
17 in which no city or village is located petition to merge in whole  
18 or in part with a Class I or another Class II district, the merger  
19 may be accepted by petition of the school board of the accepting  
20 district. When the legal voters of a Class I district petition  
21 to affiliate in whole or in part with one or more Class II, III,  
22 IV, or V districts, such affiliation may be accepted or rejected  
23 by petition of the school board or board of education of any such  
24 district, but in either case the petition to affiliate shall be  
25 accepted or rejected within sixty days after the date of receipt  
26 of the petition by the school board or board of education of such  
27 district.

1           Sec. 19. Section 79-418, Revised Statutes Cumulative  
2 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
3 amended to read:

4           79-418 Petitions presented pursuant to sections 79-415  
5 ~~to 79-417~~ and 79-416 shall be subject to the same requirements  
6 for content, hearings, notice, review, and appeal as petitions  
7 submitted pursuant to section 79-413, except that a petition  
8 presented pursuant to section 79-415 shall not become effective  
9 unless it is approved by a vote of a majority of the members of  
10 the State Committee for the Reorganization of School Districts. Any  
11 person adversely affected by the disapproval shall have the right  
12 of appeal under section 79-413.

13           Sec. 20. Section 79-419, Revised Statutes Cumulative  
14 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
15 amended to read:

16           79-419 (1) When a new Class II, III, or IV district is to  
17 be created from other districts as provided in section 79-413, the  
18 petition shall contain:

19           (a) A description of the proposed boundaries of the  
20 reorganized districts;

21           (b) A summary of the terms on which reorganization is to  
22 be made between the reorganized districts, which terms may include  
23 a provision for initial school board districts or wards within the  
24 proposed district for the appointment of the first school board  
25 and also for the first election as provided in section 79-451,  
26 which proposed initial school board districts or wards shall be  
27 determined by the State Committee for the Reorganization of School

1 Districts taking into consideration population and valuation, and a  
2 determination of the terms of the board members first appointed to  
3 membership of the board of the newly reorganized district;

4 (c) A map showing the boundaries of established school  
5 districts and the boundaries proposed under any plan or plans of  
6 reorganization;

7 (d) A separate statement as to whether the reorganization  
8 is contingent upon the success of a bond election held in  
9 conjunction with the reorganization;

10 (e) An affidavit from the county clerk or election  
11 commissioner regarding the validity of the signatures on the  
12 petition; and

13 (f) Such other matters as the petitioners determine  
14 proper to be included. ~~Any petition for the creation of a new Class~~  
15 ~~VI district shall designate whether such district shall include~~  
16 ~~high school grades only, grades seven through twelve, or grades six~~  
17 ~~through twelve.~~

18 (2) A petition under subsection (1) of this section  
19 may contain provisions for the holding of school within existing  
20 buildings in the newly reorganized district and that a school  
21 constituted under this section shall be maintained from the date of  
22 reorganization unless the legal voters served by the school vote by  
23 a majority vote for discontinuance of the school.

24 Sec. 21. Section 79-423, Revised Statutes Cumulative  
25 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
26 amended to read:

27 79-423 In Class I, II, III, and IV, ~~and VI~~ school

1 districts, school district boundaries may comprise all or any part  
2 of a precinct or ward in any county or counties, and every legal  
3 voter of the school district shall be entitled to vote at any  
4 school district meeting or school district election.

5           Sec. 22. Section 79-431, Revised Statutes Cumulative  
6 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
7 amended to read:

8           79-431 (1) Any Class I school district which is part of a  
9 Class VI district or districts or any Class I district or portion  
10 thereof which is affiliated or affiliated in part and also part of  
11 a Class VI district or districts and which (a) becomes subject to  
12 dissolution pursuant to section 79-470, 79-498, or 79-598 or (b)  
13 otherwise dissolves, unless otherwise prescribed in the affiliation  
14 petition, shall be merged with another affiliated Class I district,  
15 be merged with a Class II, III, IV, or V district, or be merged  
16 with a Class I district which is part of a Class VI district  
17 or districts. Any such district or portion thereof which fails  
18 to comply with this subsection shall be dissolved and attached  
19 to an existing Class II, III, IV, or V district the Class II,  
20 III, or IV district with which the Class I school district is  
21 affiliated by the State Committee for the Reorganization of School  
22 Districts. under section 79-498. Any such district or portion  
23 thereof which was affiliated shall retain its original affiliation,  
24 and any portion of such district which was part of a Class VI  
25 district shall remain part of such Class VI district. Any school  
26 district which fails to comply with the provisions of subsection  
27 (1) of section 79-402 shall be dissolved by the state committee and

1 ~~attached to an existing Class II, III, IV, or V district.~~

2 (2) A Class II, III, or IV ~~or V~~ district which becomes  
3 a Class I district pursuant to section 79-472 or any other state  
4 law shall merge with a Class II, III, IV, or V district, affiliate  
5 with one or more a contiguous Class II, III, or IV district.  
6 ~~or V districts, become part of one or more Class VI districts,~~  
7 ~~or affiliate in part with one or more Class II, III, IV, or~~  
8 ~~V districts and in part become part of one or more Class VI~~  
9 ~~districts.~~

10 (3) If an affiliated Class II, III, or IV ~~or V~~ district  
11 dissolves, unless otherwise stated in the affiliation petition,  
12 any portions of a any Class I district that are affiliated with  
13 such district may affiliate with another Class II, III, IV, or V  
14 district, merge with any Class I, II, III, IV, or V district, or  
15 become part of a Class VI district. shall also be dissolved in the  
16 dissolution order of the state committee.

17 (4) If a Class VI district dissolves, any Class I  
18 district or portions thereof which are part of such district may  
19 affiliate with a Class II, III, IV, or V district, merge with any  
20 Class I, II, III, IV, or V district, or become part of another  
21 Class VI district.

22 Sec. 23. Section 79-433, Revised Statutes Cumulative  
23 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
24 amended to read:

25 79-433 For purposes of the Reorganization of School  
26 Districts Act, unless the context otherwise requires:

27 (1) Reorganization of school districts means the

1 formation of new school districts, the alteration of boundaries of  
2 established school districts that are not members of a learning  
3 community, ~~the affiliation of school districts,~~ and the dissolution  
4 or disorganization of established school districts through or by  
5 means of any one or combination of the methods set out in section  
6 79-434; and

7 (2) State committee means the State Committee for the  
8 Reorganization of School Districts created by section 79-435.

9 Sec. 24. Section 79-434, Revised Statutes Cumulative  
10 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
11 amended to read:

12 79-434 Reorganization of school districts may be  
13 accomplished through or by means of any one or more of the  
14 following methods: (1) The creation of new districts; (2) the  
15 uniting of one or more established districts; (3) the subdivision  
16 of one or more established districts; (4) the transfer and  
17 attachment to an established district of a part of the territory  
18 of one or more districts; and (5) ~~the affiliation of a Class I~~  
19 ~~district or portion thereof with one or more Class II, III, IV, or~~  
20 ~~V districts;~~ (6) ~~the changing of boundaries of a Class VI district;~~  
21 ~~and~~ (7) ~~the dissolution or disorganization of an established~~  
22 ~~district for any of the reasons specified by law.~~

23 Sec. 25. Section 79-443, Revised Statutes Cumulative  
24 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
25 amended to read:

26 79-443 After one or more public hearings have been held,  
27 the state committee may approve a plan or plans of reorganization.

1 Such plan shall contain:

2 (1) A description of the proposed boundaries of the  
3 reorganized districts;

4 (2) A summary of the reasons for each proposed change,  
5 realignment, or adjustment of the boundaries; ~~\_\_\_~~ If such plan  
6 provides for the creation of a new Class VI district, it shall  
7 designate whether such district shall include high school grades  
8 only or be known as a Class VI junior-senior high school district  
9 as described in section ~~79-411~~;

10 (3) A summary of the terms on which reorganization is to  
11 be made between the reorganized districts. Such terms shall include  
12 a provision for initial school board districts or wards within the  
13 proposed district, which proposed initial school board districts  
14 or wards shall be determined by the state committee taking into  
15 consideration population and valuation, and a determination of the  
16 terms of the board members first appointed to membership on the  
17 board of the newly reorganized district;

18 (4) A separate statement as to whether the reorganization  
19 is contingent upon the success of a bond election held in  
20 conjunction with the reorganization;

21 (5) A statement of the findings with respect to the  
22 location of schools, the utilization of existing buildings, the  
23 construction of new buildings, and the transportation requirements  
24 under the proposed plan of reorganization. The plan may contain  
25 provisions for the holding of school within existing buildings in  
26 the newly reorganized district and that a school constituted under  
27 this section shall be maintained from the date of reorganization

1 unless the legal voters served by the school vote by a majority  
2 vote for discontinuance of the school;

3 (6) A map showing the boundaries of established school  
4 districts and the boundaries proposed under any plan or plans of  
5 reorganization; and

6 (7) Such other matters as the state committee determines  
7 proper to be included.

8 Sec. 26. Section 79-447, Revised Statutes Cumulative  
9 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
10 amended to read:

11 79-447 (1) Not less than thirty nor more than sixty  
12 days after the designation of a final approved plan under  
13 section 79-446, the proposition of the adoption or rejection  
14 of the proposed plan of reorganization shall be submitted at a  
15 special election to all the legal voters of districts within the  
16 county whose boundaries are in any manner changed by the plan  
17 of reorganization. ~~including the boundaries of Class VI school~~  
18 ~~districts if such plan includes a Class I school district which is~~  
19 ~~entirely within a Class VI school district.~~

20 (2) Notice of the special election shall be given by the  
21 county clerk or election commissioner and shall be published in a  
22 legal newspaper of general circulation in the county at least ten  
23 days prior to the election. The election notice shall (a) state  
24 that the election has been called for the purpose of affording  
25 the legal voters an opportunity to approve or reject the plan of  
26 reorganization, (b) contain a description of the boundaries of the  
27 proposed district, and (c) contain a statement of the terms of the

1 adjustment of property, debts, and liabilities applicable thereto.

2 (3) All ballots shall be prepared and the special  
3 election shall be held and conducted by the county clerk or  
4 election commissioner, and the expense of such election shall  
5 be paid by the county board or boards if more than one county  
6 is involved as provided in subsection (4) of this section. The  
7 county clerk or election commissioner shall use the duly appointed  
8 election board or appoint two judges and two clerks who shall be  
9 legal voters of the territory of the proposed school district. The  
10 election shall be held at a place or places within the proposed  
11 district determined by the county clerk or election commissioner to  
12 be convenient for the voters.

13 (4) If the proposed plan of reorganization involves a  
14 district under the jurisdiction of another county, the county  
15 clerk or election commissioner of the county which has the largest  
16 number of pupils residing in the proposed joint district shall  
17 give the notice required by subsection (2) of this section in a  
18 newspaper of general circulation in the territory of the proposed  
19 district and prepare the ballots and such election shall be held  
20 and conducted by the county clerk or election commissioner of each  
21 county involved in the proposed reorganization in accordance with  
22 the Election Act. Each county board shall bear a share of the total  
23 election expense in the same proportion that the number of legal  
24 voters residing in the proposed district in one county stands to  
25 the whole number of legal voters in the proposed district.

26 (5) In any election held as provided in this section, all  
27 districts of like class shall vote as a unit, except that Class

1 I school districts within the boundaries of which are located an  
2 incorporated village or city shall constitute a separate voting  
3 unit and Class I school districts which do not have within their  
4 boundaries an incorporated village or city shall constitute a  
5 separate voting unit.

6 (6) Approval of the plan at the special election shall  
7 require a majority of all legal voters voting within each voting  
8 unit included in the proposed plan.

9 Sec. 27. Section 79-452, Revised Statutes Cumulative  
10 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
11 amended to read:

12 79-452 A proposal to dissolve a Class I ~~or~~ II school  
13 district, ~~except a Class I school district which is partly or~~  
14 ~~wholly within a Class VI school district,~~ and attach it to one or  
15 more existing Class II, III, or IV school districts that are not  
16 members of a learning community may be initiated by filing with  
17 the State Committee for the Reorganization of School Districts a  
18 petition or petitions signed by at least twenty-five percent of the  
19 legal voters of the district, together with an affidavit from the  
20 county clerk or election commissioner listing all legal voters of  
21 the district and a determination by the county clerk or election  
22 commissioner that the signatures are sufficient. The petition shall  
23 contain a plan of the proposed reorganization, an effective date,  
24 and a statement whether any existing bonded indebtedness shall  
25 remain on the property of the district which incurred it or be  
26 assumed by the enlarged district. The petition may also contain  
27 provisions for the holding of school within existing buildings

1 in the proposed reorganized district, and when so provided, the  
2 holding of school within such buildings shall be maintained from  
3 the date of reorganization unless either the legal voters served by  
4 the school or the school board of the reorganized district votes  
5 by a majority vote for discontinuance of the school. In case of  
6 conflicting votes between the legal voters and the school board  
7 on such issue, the decision of the legal voters shall prevail.  
8 A signing petitioner shall not be permitted to withdraw his or  
9 her name from the petition after the petition has been filed.  
10 The school board of each Class II, III, or IV district to which  
11 the merger is proposed shall also submit to the state committee  
12 a statement to the effect that a majority of the board members  
13 approve the proposal contained in the petition.

14           Sec. 28. Section 79-454, Revised Statutes Cumulative  
15 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
16 amended to read:

17           79-454 If the proposal provided for in section 79-452  
18 has been approved by the State Committee for the Reorganization  
19 of School Districts, the state committee shall notify the school  
20 board of the Class ~~II~~ II district. The school board shall, within  
21 fifteen days after the notification, set a date for a special  
22 election for the purpose of submitting the proposal to the legal  
23 voters of the district. At least twenty days' notice of such  
24 election shall be given by publication twice in a newspaper of  
25 general circulation in the district, the latest publication to be  
26 not more than one week before the election. If there is no such  
27 newspaper, notice shall be given by posting it on the door of the

1 schoolhouse and at least four other public places throughout the  
2 district. The proposal shall not be submitted to a special election  
3 more than once in any calendar year. Legal voters may cast their  
4 ballots, written or printed, between the hours of 12 noon and 8  
5 p.m. on the date of such election. The county clerk or election  
6 commissioner of the county which has the largest number of pupils  
7 residing in the district shall conduct such special election in  
8 accordance with the Election Act and shall record the names and  
9 residence of persons voting at the special election. The ballots  
10 shall be canvassed as provided in section 79-447.

11           Sec. 29. Section 79-455, Revised Statutes Cumulative  
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
13 amended to read:

14           79-455 If the proposal provided for in section 79-452 is  
15 approved by a majority of the legal voters of the school district  
16 voting on the matter, the secretary of the school board shall  
17 within five days certify the approval to the county clerk. The  
18 county clerk shall immediately notify the secretary of each Class  
19 II, III, or IV, ~~or V~~ district affected of the action taken by  
20 the Class ~~I~~ ~~or~~ II district, and such secretary shall within ten  
21 days certify to the county clerk that the school board of the  
22 Class II, III, or IV, ~~or V~~ district has, by a majority vote,  
23 officially approved the proposal as provided in section 79-452.  
24 The county clerk shall issue an order effecting the changes in  
25 school district boundaries in accordance with the proposal provided  
26 in section 79-452. He or she shall also file certificates with  
27 the county assessor, county treasurer, and State Committee for

1 the Reorganization of School Districts showing the changes. An  
2 appeal may be taken from such order within twenty days after the  
3 rendition of the order in the same manner as appeals are taken  
4 from the action of the county board in allowing or disallowing  
5 claims against the county. Such appeal shall be filed in the  
6 district court for the county whose county clerk has jurisdiction  
7 of the Class I or II district. When more than one county clerk has  
8 jurisdiction of the Class I or II district, the appeal may be filed  
9 in the district court for either of the counties.

10 Sec. 30. Section 79-470, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13 79-470 (1) No Class I school district ~~which contracts~~  
14 shall contract for the instruction of all of its pupils. ~~with a~~  
15 ~~Class I, II, III, IV, or V school district shall merge with another~~  
16 ~~Class I school district unless such other Class I school district~~  
17 ~~with which it is merging is included in the area which makes up a~~  
18 ~~Class VI school district.~~

19 (2) No Class II, III, IV, or V school district shall  
20 contract for the instruction of all of its pupils with a Class II,  
21 III, IV, or V school district for more than two consecutive years.

22 (3) The State Committee for the Reorganization of School  
23 Districts shall dissolve and attach to a neighboring school  
24 district or districts any Class II, III, or IV school district  
25 which, for two consecutive years, contracts for the instruction of  
26 all of its pupils with a Class II, III, IV, or V school district.

27 (4) The dissolution of any school district pursuant to

1 this section shall be effected in the manner prescribed in section  
2 79-498. When such dissolution would create extreme hardships on  
3 the pupils or the school district affected, the State Board of  
4 Education may, on application by the school board of the school  
5 district, waive the dissolution of the school district on an annual  
6 basis.

7 (5) Nothing in this section shall be construed as an  
8 extension of the limitations on contracting for the instruction of  
9 the pupils of a school district contained in section 79-598.

10 Sec. 31. Section 79-472, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13 79-472 (1)(a) If a Class II school district, by a vote  
14 of fifty-five percent of the legal voters voting at a special  
15 meeting, decides to discontinue and close the high school, the  
16 school district shall become an affiliated Class I school district  
17 on the date designated by such legal voters. ~~Affiliation shall~~  
18 ~~be accomplished pursuant to sections 79-413 to 79-427.~~ At such  
19 meeting a decision shall be made as to when the new school board  
20 shall be elected and whether the board shall consist of three  
21 members or six members. No new Class I school district shall  
22 establish a six-member board unless the school district contains  
23 a minimum of one hundred fifty children who are five through  
24 twenty years of age. The school board of the existing Class  
25 II school district shall remain in office until the effective  
26 date for the formation of the new Class I school district. The  
27 school board of the Class II school district shall notify the

1 State Committee for the Reorganization of School Districts of such  
2 actions within thirty days after the vote. The state committee  
3 shall, within sixty days after receiving such notification, issue  
4 an order reclassifying such Class II school district as a Class I  
5 school district, affiliating the new Class I school district with a  
6 Class II, III, or IV school district with which the Class I school  
7 district is contiguous, and designating the effective date of the  
8 reclassification.

9 (b) If the new school board is to consist of three  
10 members, such members shall be elected at the time of the vote  
11 to change from a Class II school district to a Class I school  
12 district or at a special meeting held not less than thirty days  
13 prior to the effective date of the change from a Class II school  
14 district to a Class I school district. At the special meeting, a  
15 treasurer shall be elected for a term of one year, a secretary for  
16 a term of two years, and a president for a term of three years, and  
17 their successors shall be elected for terms of three years each.  
18 All officers so elected shall hold their offices until successors  
19 are elected and qualified. After such change becomes effective,  
20 the school district and its officers shall have the powers of and  
21 be governed by the provisions of law applicable to Class I school  
22 districts.

23 (c) If the new school board is to consist of six members,  
24 such members shall be elected after the vote to change from a Class  
25 II school district to a Class I school district. The procedure for  
26 electing board members shall be as prescribed in section 32-541 or  
27 as prescribed in subsection (3) of section 79-565, except that such

1 election may be held at any annual school meeting or at a special  
2 school meeting called for the purpose of electing school district  
3 officers.

4 (2) No school district may change from Class I to Class  
5 II unless that school district has an enrollment of not less than  
6 one hundred pupils in grades nine through twelve. This subsection  
7 shall not apply to any school district located on an Indian  
8 reservation and substantially or totally financed by the federal  
9 government.

10 Sec. 32. Section 79-473, Revised Statutes Cumulative  
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
12 amended to read:

13 79-473 (1) If the territory annexed by a change of  
14 boundaries of a city or village which lies within a Class III  
15 school district as provided in section 79-407 has been part of a  
16 Class IV or Class V school district prior to such annexation, a  
17 merger of the annexed territory with the Class III school district  
18 shall become effective only if the merger is approved by a majority  
19 of the members of the school board of the Class IV or V school  
20 district and a majority of the members of the school board of the  
21 Class III school district within ninety days after the effective  
22 date of the annexation ordinance, except that a merger shall not  
23 become effective pursuant to this section if such merger involves a  
24 school district that is a member of a learning community.

25 (2) Notwithstanding subsection (1) of this section, when  
26 territory which lies within a Class III school district, ~~Class VI~~  
27 ~~school district, or Class I school district which is attached to a~~

1 ~~Class VI school district~~ or which does not lie within a Class IV  
2 or V school district is annexed by a city or village pursuant to  
3 section 79-407, the affected school board of the city or village  
4 school district and the affected school board or boards serving  
5 the territory subject to the annexation ordinance shall meet within  
6 thirty days after the effective date of the annexation ordinance  
7 if neither school district is a member of a learning community and  
8 negotiate in good faith as to which school district shall serve the  
9 annexed territory and the effective date of any transfer. During  
10 the process of negotiation, the affected boards shall consider the  
11 following criteria:

12           (a) The educational needs of the students in the affected  
13 school districts;

14           (b) The economic impact upon the affected school  
15 districts;

16           (c) Any common interests between the annexed or platted  
17 area and the affected school districts and the community which has  
18 zoning jurisdiction over the area; and

19           (d) Community educational planning.

20           If no agreement has been reached within ninety days after  
21 the effective date of the annexation ordinance, the territory shall  
22 transfer to the school district of the annexing city or village  
23 ten days after the expiration of such ninety-day period unless an  
24 affected school district petitions the district court within the  
25 ten-day period and obtains an order enjoining the transfer and  
26 requiring the boards of the affected school districts to continue  
27 negotiation. The court shall issue the order upon a finding that

1 the affected board or boards have not negotiated in good faith  
2 based on one or more of the criteria listed in this subsection. The  
3 district court shall require no bond or other surety as a condition  
4 for any preliminary injunctive relief. If no agreement is reached  
5 after such order by the district court and additional negotiations,  
6 the annexed territory shall become a part of the school district of  
7 the annexing city or village.

8 ~~(3) If, within the boundaries of the annexed territory,~~  
9 ~~there exists a Class VI school, the school building, facilities,~~  
10 ~~and land owned by the school district shall remain a part of~~  
11 ~~the Class VI school district. If the Class VI school district~~  
12 ~~from which territory is being annexed wishes to dispose of such~~  
13 ~~school building, facilities, or land to any individual or political~~  
14 ~~subdivision, including a Class I school district, the question of~~  
15 ~~such disposition shall be placed on the ballot for the next primary~~  
16 ~~or general election. All legal voters of such Class VI school~~  
17 ~~district shall then vote on the question at such election. A simple~~  
18 ~~majority of the votes cast shall resolve the issue.~~

19 ~~(4) (3) Whenever an application for approval of a final~~  
20 ~~plat or replat is filed for territory which lies within the zoning~~  
21 ~~jurisdiction of a city of the first or second class and does not~~  
22 ~~lie within the boundaries of a Class IV or V school district, the~~  
23 ~~boundaries of a school district that is a member of a learning~~  
24 ~~community, the boundaries of any county in which a city of the~~  
25 ~~metropolitan class is located, or the boundaries of any county that~~  
26 ~~has a contiguous border with a city of the metropolitan class, the~~  
27 ~~affected school board of the school district within the city of~~

1 the first or second class or its representative and the affected  
2 board or boards serving the territory subject to the final plat or  
3 replat or their representative shall meet within thirty days after  
4 such application and negotiate in good faith as to which school  
5 district shall serve the platted or replatted territory and the  
6 effective date of any transfer based upon the criteria prescribed  
7 in subsection (2) of this section.

8           If no agreement has been reached prior to the approval  
9 of the final plat or replat, the territory shall transfer to the  
10 school district of the city of the first or second class upon  
11 the filing of the final plat unless an affected school district  
12 petitions the district court within ten days after approval of the  
13 final plat or replat and obtains an order enjoining the transfer  
14 and requiring the affected boards to continue negotiation. The  
15 court shall issue the order upon a finding that the affected board  
16 or boards have not negotiated in good faith based on one or more of  
17 the criteria listed in subsection (2) of this section. The district  
18 court shall require no bond or other surety as a condition for  
19 any preliminary injunctive relief. If no agreement is reached after  
20 such order by the district court and additional negotiations, the  
21 platted or replatted territory shall become a part of the school  
22 district of the city of the first or second class.

23           For purposes of this subsection, plat and replat apply  
24 only to (a) vacant land, (b) land under cultivation, or (c) any  
25 plat or replat of land involving a substantive change in the size  
26 or configuration of any lot or lots.

27           ~~(5)~~ (4) Notwithstanding any other provisions of this

1 section, all negotiated agreements relative to boundaries or to  
2 real or personal property of school districts reached by the  
3 affected school boards shall be valid and binding, except that such  
4 agreements shall not be binding on reorganization plans pursuant to  
5 the Learning Community Reorganization Act.

6 Sec. 33. Section 79-479, Revised Statutes Cumulative  
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
8 amended to read:

9 79-479 ~~(1)(a)~~ Beginning January 1, 1992, any (1) Any  
10 school district boundaries changed by the means provided by  
11 Nebraska law, but excluding the method provided by sections 79-407  
12 and 79-473 to 79-475, shall be made only upon an order issued by  
13 the State Committee for the Reorganization of School Districts or  
14 county clerk. ~~The state committee shall not issue an order changing~~  
15 ~~boundaries relating to affiliation of school districts if twenty~~  
16 ~~percent or more of any tract of land under common ownership which~~  
17 ~~is proposing to affiliate is not contiguous to the high school~~  
18 ~~district with which affiliation is proposed unless (i) one or more~~  
19 ~~resident students of the tract of land under common ownership has~~  
20 ~~attended the high school program of the high school district within~~  
21 ~~the immediately preceding ten-year period or (ii) approval of the~~  
22 ~~petition or plan would allow siblings of such resident students~~  
23 ~~to attend the same school as the resident students attended.~~ ~~(b)~~  
24 The order issued by the state committee shall be certified to  
25 the county clerk of each county in which boundaries are changed  
26 and shall also be certified to the State Department of Education.  
27 Whenever the order changes the boundaries of a school district

1 due to the transfer of land, the county assessor, the Property  
2 Tax Administrator, and the State Department of Education shall be  
3 provided with the legal description and a map of the parcel of  
4 land which is transferred. Such order shall be issued no later  
5 than June 1 and shall have an effective date no later than August  
6 1 of the same year. For purposes of determining school district  
7 counts pursuant to sections 79-524 and 79-578 and calculating  
8 state aid allocations pursuant to the Tax Equity and Educational  
9 Opportunities Support Act, any change in school district boundaries  
10 with an effective date between June 1 and August 1 of any year  
11 shall be considered effective July 1 of such year.

12 (2) Unless otherwise provided by section 5 of this act  
13 or other state law or by the terms of an affiliation or a  
14 reorganization plan or petition which is consistent with state  
15 law, all assets, including budget authority as provided in sections  
16 79-1023 to 79-1030, and liabilities, except bonded obligations, of  
17 school districts merged, dissolved, or annexed shall be transferred  
18 to the receiving district or districts on the basis of the  
19 proportionate share of assessed valuation received at the time of  
20 reorganization. When a Class II, III, or IV, ~~or V~~ school district  
21 becomes a Class I school district, (a) ~~Which becomes part of a~~  
22 ~~Class VI district which offers instruction in grades six through~~  
23 ~~twelve, 37.9310 percent of the Class II, III, IV, or V district's~~  
24 ~~assets and liabilities shall be transferred to the new Class I~~  
25 ~~district and the remainder shall be transferred to the Class VI~~  
26 ~~district or districts of which the Class I district becomes a part~~  
27 ~~on the basis of the proportionate share of assessed valuation each~~

1 high school district received at the time of such change in class  
2 of district; (b) Which becomes part of a Class VI district which  
3 offers instruction in grades seven through twelve, 44.8276 percent  
4 of the Class II, III, IV, or V district's assets and liabilities  
5 shall be transferred to the new Class I district and the remainder  
6 shall be transferred to the Class VI district or districts of  
7 which the Class I district becomes a part on the basis of the  
8 proportionate share of assessed valuation each high school district  
9 received at the time of such change in class of district; or (c)  
10 Which is affiliated or becomes part of a Class VI district which  
11 offers instruction in grades nine through twelve, 61.3793 percent  
12 of the Class II, III, or IV, or V school district's assets and  
13 liabilities shall be transferred to the new Class I district and  
14 the remainder shall be transferred to the Class VI district or  
15 districts of which the Class I district becomes a part and to the  
16 high school district or districts with which the Class I district  
17 is affiliated, on the basis of the proportionate share of assessed  
18 valuation each high school district received at the time of such  
19 change in class of district.

20           Sec. 34. Section 79-494, Revised Statutes Cumulative  
21 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
22 amended to read:

23           79-494 Every new Class I or Class II school district  
24 described in section 79-492 shall be deemed duly organized when  
25 the majority of the officers elected at the first meeting have  
26 filed their acceptance as provided in section 79-493. A reorganized  
27 school district shall be formed, organized, and have a governing

1 board not later than April 1 following the ~~last legal action,~~  
2 ~~as prescribed in section 79-413, 79-450, or 79-455,~~ necessary to  
3 effect the changes in boundaries as set forth in the petition or  
4 ~~plan of reorganization,~~ issuance of an order by the State Committee  
5 for the Reorganization of School Districts pursuant to section 5 of  
6 this act, although the physical reorganization of such reorganized  
7 school district may not take effect until the commencement of the  
8 following school year.

9           Sec. 35. Section 79-495, Revised Statutes Cumulative  
10 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
11 amended to read:

12           79-495 In case the inhabitants of any new Class I or  
13 ~~Class II~~ school district referred to in section 79-492 fail to  
14 organize it, the State Committee for the Reorganization of School  
15 Districts shall immediately dissolve such district and attach it to  
16 ~~an adjoining district or districts.~~ the affiliated Class II, III,  
17 or IV school district.

18           Sec. 36. Section 79-498, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20           79-498 When, for a period of one school term, a school  
21 district (1) has less than three legal voters residing in the  
22 district or (2) (a) fails to maintain a public elementary school  
23 within the district in which are enrolled and in regular attendance  
24 for at least one thousand thirty-two hours one or more pupils of  
25 school age residing in the district, other than option students  
26 as defined in section 79-233, or (b) does not contract for the  
27 tuition and transportation of pupils of such district with another

1 district or districts and have pupils attending school regularly  
2 for at least one thousand thirty-two hours under such contract or  
3 contracts, the State Committee for the Reorganization of School  
4 Districts shall, subject to the requirements of this section,  
5 dissolve such district and attach the territory of such district  
6 to one or more neighboring school districts. Before dissolving a  
7 district under this section, the state committee shall fix a time  
8 for a hearing and shall notify each legal resident of the district  
9 at least fifteen days before such hearing. When the dissolution  
10 will create extreme hardships on the pupils of the district  
11 affected, the State Board of Education may, on application by the  
12 school board of the district, annually waive the requirements of  
13 this section. Notification shall be by mail or by publication in a  
14 newspaper of general circulation in the area.

15           If the state committee finds that the district is  
16 required by this section to be dissolved, it shall enter an  
17 order dissolving the district and directing the county clerk of the  
18 county in which such district is located to attach the territory  
19 of such district to one or more neighboring school districts. If  
20 the district required by this section to be dissolved is a Class I  
21 school district, the territory of such district shall be attached  
22 to the Class II, III, or IV school district with which the Class  
23 I school district is affiliated. Appeals from the action of the  
24 state committee may be made to the district court of the county  
25 in which the depopulated district is located. The county treasurer  
26 shall distribute the assets of the closed district among the other  
27 district or districts to which the property has been attached in

1 proportion to the taxable valuation of the property attached to  
2 such district or districts.

3 Sec. 37. Section 79-4,100, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-4,100 For purposes of statutes governing schools:

6 (1) Affiliated school system means the high school  
7 district and the Class I districts ~~or portions of Class I districts~~  
8 affiliated with such high school district; and

9 (2) Affiliation or affiliation of school districts means  
10 an ongoing association of a Class I district ~~or portion thereof~~  
11 ~~not a part of a Class VI district with one or more existing Class~~  
12 ~~II, III, IV, or V districts~~ with an existing Class II, III, or IV  
13 district for the purpose of (a) providing a high school program  
14 serving the Class I district students and (b) maintaining tax  
15 support to finance such program. The services provided may include  
16 student transportation. + and

17 ~~(3) Class VI school system means a Class VI school~~  
18 ~~district and each Class I school district or portion thereof which~~  
19 ~~is part of the Class VI district.~~

20 Sec. 38. Section 79-4,101, Revised Statutes Cumulative  
21 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
22 amended to read:

23 79-4,101 For purposes of sections 10-716.01, 79-402,  
24 79-422, ~~79-424 to~~ 79-427, 79-431, 79-449, 79-4,100 to 79-4,102,  
25 79-611, and 79-1077:

26 (1) Elementary school facility means the educational  
27 facility used to provide services for students in grades

1 kindergarten through eight in an affiliated school system;

2 (2) High school district means the Class II, III, or  
3 IV~~7~~ ~~or~~ V district which provides the high school program for an  
4 affiliated Class I district;

5 (3) High school facility means the educational facility  
6 used to provide services for students in grades nine through twelve  
7 in an affiliated school system;

8 (4) High school program means the educational services  
9 provided in an affiliated school system for grades nine through  
10 twelve; and

11 (5) High school students means students enrolled in a  
12 high school program.

13 Sec. 39. Section 79-4,103, Reissue Revised Statutes of  
14 Nebraska, is amended to read:

15 79-4,103 An advisory committee shall be created for each  
16 affiliated high school district. The advisory committee shall be  
17 composed of three school board members selected by all the school  
18 board members of the Class I school districts with which such Class  
19 II, III, or IV~~7~~ ~~or~~ V district is affiliated. The superintendent of  
20 the affiliated high school district shall call a meeting of all the  
21 school board members of such Class I school districts, ~~not a part~~  
22 ~~of a Class VI school district,~~ for the purpose of establishing such  
23 advisory committees. Representatives shall serve three-year terms.

24 The advisory committee shall provide advice and  
25 communication to the school board of such affiliated high school  
26 district regarding the high school program, facilities, and budget  
27 and the needs and concerns of students, parents, and taxpayers

1 in the Class I school district or districts. Each advisory  
2 committee shall meet at least biannually with the school board  
3 and participate in good faith in those coordination requirements  
4 specified in section 79-716.

5 Sec. 40. Section 79-501, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7 79-501 The school board or board of education of a Class  
8 I, II, III, or IV, ~~or VI~~ school district shall have the care and  
9 custody of the schoolhouse and other property of the district and  
10 shall have authority to hire a superintendent and the required  
11 number of teachers and other necessary personnel.

12 Sec. 41. Section 79-502, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 79-502 The school board or board of education of any  
15 Class I, II, III, or IV, ~~or VI~~ school district may provide  
16 its members with hospitalization, medical, surgical, accident,  
17 sickness, or term life insurance coverage or any one or more of  
18 such coverages.

19 Sec. 42. Section 79-524, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 79-524 The school board of any Class I, II, III, or IV,  
22 ~~or VI~~ school district shall establish a permanent and continuing  
23 census or enumeration of school children in the school district.  
24 The list in writing of the names of the children and taxpayers  
25 shall not be required to be reported, but the names of all  
26 of the children belonging to such school district, from birth  
27 through twenty years of age, shall instead be kept in a depository

1 maintained by such school district and subject to inspection at all  
2 times. Such record shall not or need not include the names of all  
3 the taxpayers in the district.

4           Sec. 43. Section 79-525, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6           79-525 The school board or board of education of a Class  
7 I, II, III, or IV, ~~or VI~~ school district shall (1) provide the  
8 necessary appendages for the schoolhouse, (2) keep the same in  
9 good condition and repair during the time school is taught in  
10 the schoolhouse, and (3) keep an accurate account of all expenses  
11 incurred. Such account shall be prepared by the secretary, audited  
12 by the president and treasurer, and, on their written order, paid  
13 out of the general school fund.

14           Sec. 44. Section 79-526, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16           79-526 The school board or board of education of a Class  
17 I, II, III, or IV, ~~or VI~~ school district has responsibility for the  
18 general care and upkeep of the schools, shall provide the necessary  
19 supplies and equipment, and, except as otherwise provided, has the  
20 power to cause pupils to be taught in such branches and classified  
21 in such grades or departments as may seem best adapted to a course  
22 of study which the board shall establish with the consent and  
23 advice of the State Department of Education. The board shall make  
24 provision for pupils that may enter at any time during the school  
25 year. The board shall have a record kept of the advancement of all  
26 pupils in each branch of study. The board shall make rules and  
27 regulations as it deems necessary for the government and health of

1 the pupils and devise any means as may seem best to secure the  
2 regular attendance and progress of children at school.

3 Sec. 45. Section 79-528, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5 79-528 (1) (a) On or before July 20 in all school  
6 districts, the superintendent or head administrator shall file  
7 with the State Department of Education a report under oath showing  
8 the number of children from five through eighteen years of age  
9 belonging to the school district according to the census taken as  
10 provided in sections 79-524 and 79-578. The report shall identify  
11 the number of boys and the number of girls in each of the  
12 respective age categories. On or before July 20, school districts  
13 that are members of learning communities shall provide the learning  
14 community coordinating council with a copy of the report filed  
15 with the department. On or before August 1, each learning community  
16 coordinating council shall file with the department a report  
17 showing the number of children from five through eighteen years  
18 of age belonging to the member school districts according to the  
19 school district reports filed with the department.

20 ~~(b) Each Class I school district which is part of a Class~~  
21 ~~VI school district offering instruction (i) in grades kindergarten~~  
22 ~~through five shall report children from five through ten years~~  
23 ~~of age, (ii) in grades kindergarten through six shall report~~  
24 ~~children from five through eleven years of age, and (iii) in grades~~  
25 ~~kindergarten through eight shall report children from five through~~  
26 ~~thirteen years of age.~~

27 ~~(c) Each Class VI school district offering instruction~~

1 ~~(i) in grades six through twelve shall report children who are~~  
2 ~~eleven through eighteen years of age,~~ ~~(ii) in grades seven through~~  
3 ~~twelve shall report children who are twelve through eighteen years~~  
4 ~~of age,~~ and ~~(iii) in grades nine through twelve children who are~~  
5 ~~fourteen through eighteen years of age.~~

6 ~~(d) (b)~~ Each Class I district which has affiliated in  
7 whole ~~or in part~~ shall report children from five through thirteen  
8 years of age.

9 ~~(e) (c)~~ Each Class II, III, or IV, ~~or V~~ district shall  
10 report children who are fourteen through eighteen years of age  
11 residing in Class I districts ~~or portions thereof~~ which have  
12 affiliated with such district.

13 ~~(f) (d)~~ The board of any district neglecting to take and  
14 report the enumeration shall be liable to the school district for  
15 all school money which such district may lose by such neglect.

16 (2) On or before June 30 the superintendent or head  
17 administrator of each school district shall file with the  
18 Commissioner of Education a report under oath described as an  
19 end-of-the-school-year annual statistical summary showing (a) the  
20 number of children attending school during the year under five  
21 years of age, (b) the length of time the school has been taught  
22 during the year by a qualified teacher, (c) the length of time  
23 taught by each substitute teacher, and (d) such other information  
24 as the Commissioner of Education directs. On or before June 30,  
25 school districts that are members of learning communities shall  
26 also provide the learning community coordinating council with a  
27 copy of the report filed with the commissioner. On or before July

1 15, each learning community coordinating council shall file with  
2 the commissioner a report showing the number of children from  
3 five through eighteen years of age belonging to the member school  
4 districts according to the school district reports filed with the  
5 commissioner.

6 (3) (a) On or before November 1 the superintendent or  
7 head administrator of each school district shall submit to the  
8 Commissioner of Education, to be filed in his or her office, a  
9 report under oath described as the annual financial report showing  
10 (i) the amount of money received from all sources during the year  
11 and the amount of money expended by the school district during  
12 the year, (ii) the amount of bonded indebtedness, (iii) such other  
13 information as shall be necessary to fulfill the requirements  
14 of the Tax Equity and Educational Opportunities Support Act  
15 and section 79-1114, and (iv) such other information as the  
16 Commissioner of Education directs.

17 (b) On or before November 1, school districts that are  
18 members of learning communities shall also provide the learning  
19 community coordinating council with a copy of the report submitted  
20 to the commissioner. On or before November 15, each learning  
21 community coordinating council shall submit to the commissioner,  
22 to be filed in his or her office, a report described as the  
23 annual financial report showing (i) the aggregate amount of money  
24 received from all sources during the year for all member school  
25 districts and the aggregate amount of money expended by member  
26 school districts during the year, (ii) the aggregate amount of  
27 bonded indebtedness for all member school districts, (iii) such

1 other aggregate information as shall be necessary to fulfill  
2 the requirements of the Tax Equity and Educational Opportunities  
3 Support Act and section 79-1114 for all member school districts,  
4 and (iv) such other aggregate information as the Commissioner of  
5 Education directs for all member school districts.

6 (4) (a) On or before October 15 of each year, the  
7 superintendent or head administrator of each school district shall  
8 deliver to the department the fall school district membership  
9 report, which report shall include the number of children from  
10 birth through twenty years of age enrolled in the district on the  
11 last Friday in September of a given school year. The report shall  
12 enumerate (i) students by grade level, (ii) school district levies  
13 and total assessed valuation for the current fiscal year, and (iii)  
14 such other information as the Commissioner of Education directs.

15 (b) On or before October 15 of each year, school  
16 districts that are members of learning communities shall also  
17 provide the learning community coordinating council with a copy of  
18 the report delivered to the department. On or before October 31  
19 of each year, each learning community coordinating council shall  
20 deliver to the department the fall learning community membership  
21 report, which report shall include the aggregate number of children  
22 from birth through twenty years of age enrolled in the member  
23 school districts on the last Friday in September of a given  
24 school year for all member school districts. The report shall  
25 enumerate (i) the aggregate students by grade level for all member  
26 school districts, (ii) learning community levies and total assessed  
27 valuation for the current fiscal year, and (iii) such other

1 information as the Commissioner of Education directs.

2 (c) When any school district or learning community  
3 fails to submit its fall membership report by November 1, the  
4 commissioner shall, after notice to the district and an opportunity  
5 to be heard, direct that any state aid granted pursuant to the  
6 Tax Equity and Educational Opportunities Support Act be withheld  
7 until such time as the report is received by the department. In  
8 addition, the commissioner shall direct the county treasurer to  
9 withhold all school money belonging to the school district or  
10 learning community until such time as the commissioner notifies the  
11 county treasurer of receipt of such report. The county treasurer  
12 shall withhold such money. For school districts that are members  
13 of learning communities, a determination of school money belonging  
14 to the district shall be based on the proportionate share of state  
15 aid and property tax receipts allocated to the school district  
16 by the learning community coordinating council, and the treasurer  
17 of the learning community coordinating council shall withhold any  
18 such school money in the possession of the learning community from  
19 the school district. If a school district that is a member of  
20 a learning community fails to provide a copy of the report to  
21 the learning community coordinating council on or before October  
22 15, the learning community coordinating council shall complete the  
23 fall learning community membership report with information from the  
24 reports received from other member school districts.

25 Sec. 46. Section 79-554, Revised Statutes Cumulative  
26 Supplement, 2006, is amended to read:

27 79-554 In all meetings of a school board of a Class

1 I, II, or III ~~or VI~~ school district, a majority of the members  
2 shall constitute a quorum for the transaction of business. Regular  
3 meetings shall be held on or before the third Monday of every  
4 month. All meetings of the board shall be subject to the Open  
5 Meetings Act. Special meetings may be called by the president or  
6 any two members, but all members shall have notice of the time  
7 and place of meeting. If a school district is participating in an  
8 approved unified system as provided in section 79-4,108, regular  
9 meetings of such district's school board shall be held at least  
10 twice during the school year.

11 Sec. 47. Section 79-559, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 79-559 (1) The school board or board of education of  
14 any Class II, III, IV, or V ~~or VI~~ school district may include  
15 at least one nonvoting member who is a public high school student  
16 from the district. If the board elects to include such a nonvoting  
17 student member, the student member shall serve for a term of one  
18 year, beginning on September 1, and shall be the student body or  
19 student council president, the senior class representative, or a  
20 representative elected from and by the entire student body, as  
21 designated by the voting members of the board.

22 (2) Any nonvoting student member of the board has the  
23 privilege of attending all open meetings of the board but shall be  
24 excluded from executive sessions.

25 Sec. 48. Section 79-569, Reissue Revised Statutes of  
26 Nebraska, is amended to read:

27 79-569 The president of the school board of a Class I,

1 II, III, or IV, ~~or VI~~ school district shall: (1) Preside at all  
2 meetings of the district; (2) countersign all orders upon the  
3 treasury for money to be disbursed by the district and all warrants  
4 of the secretary on the county treasurer for money raised for  
5 district purposes or apportioned to the district by the county  
6 treasurer; (3) administer the oath to the secretary and treasurer  
7 of the district when such an oath is required by law in the  
8 transaction of the business of the district; and (4) perform such  
9 other duties as may be required by law of the president of the  
10 board. He or she is entitled to vote on any issue that may come  
11 before any meeting. If the president is absent from any district  
12 meeting, the legal voters present may elect a suitable person to  
13 preside at the meeting.

14           Sec. 49. Section 79-570, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16           79-570 If at any district meeting of a Class I, II, III,  
17 or IV, ~~or VI~~ school district any person conducts himself or herself  
18 in a disorderly manner and persists in such conduct after notice  
19 by the president or person presiding, the president or person  
20 presiding may order such person to withdraw from the meeting and,  
21 if the person refuses, may order any person or persons to take such  
22 person into custody until the meeting is adjourned.

23           Sec. 50. Section 79-572, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25           79-572 The president of a Class I, II, III, or IV, ~~or VI~~  
26 school district shall appear for and on behalf of the district in  
27 all suits brought by or against the district.

1           Sec. 51. Section 79-576, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           79-576 The secretary of a Class I, II, III, or IV ~~or~~  
4 ~~VI~~ school district shall be clerk of the school board and of all  
5 district meetings when present, but if he or she is not present  
6 the legal voters may appoint a clerk for the time being, who shall  
7 certify the proceedings to the clerk to be recorded by him or her.

8           Sec. 52. Section 79-577, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10          79-577 The secretary of a Class I, II, III, or IV ~~or VI~~  
11 school district shall (1) record all proceedings of the district in  
12 a book furnished by the district to be kept for that purpose, (2)  
13 preserve copies of all reports, and (3) safely preserve and keep  
14 all books and papers belonging to the office.

15          Sec. 53. Section 79-578, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17          79-578 The secretary of a Class I, II, III, or IV ~~or VI~~  
18 school district shall take, or cause to be taken by some person  
19 appointed for the purpose by a majority vote of the school board,  
20 the census of the school district and then make or cause to be  
21 made a list in writing of the names of all the children belonging  
22 to such district, from birth through twenty years of age, together  
23 with the names of all the taxpayers in the district. A copy of  
24 the list, verified by oath of the person taking such census or by  
25 affidavit appended to or endorsed on the list, setting forth that  
26 it is a correct list of the names of all children belonging in  
27 the district from birth through twenty years of age and that it

1 reflects such information as of June 30, shall be maintained as  
2 provided in section 79-524.

3           Sec. 54. Section 79-579, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5           79-579 Whenever a secretary or president of the school  
6 board of a Class I, II, III, or IV, ~~or VI~~ school district refuses  
7 to sign orders on the treasurer or the treasurer thinks best to  
8 refuse the payment of orders drawn upon him or her, the difficulty  
9 shall be referred for adjudication to the county attorney, who  
10 shall proceed at once to investigate the matter. If the county  
11 attorney finds that the officer complained of refuses through  
12 contumacy or for insufficient reasons, the county attorney, on  
13 behalf of the district, shall apply to the proper court for a writ  
14 of mandamus to compel the officer to perform his or her duty.

15           Sec. 55. Section 79-580, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17           79-580 The secretary of the school board or board of  
18 education of each Class I, II, and III, ~~and VI~~ school district  
19 having an annual budget of one hundred thousand dollars or more  
20 shall, within ten days after any regular or special meeting of the  
21 board, publish one time in a legal newspaper published in or of  
22 general circulation in such district a list of the claims, arising  
23 on contract or tort, allowed at the meeting. The list shall set  
24 forth the name of the claimant and the amount and nature of the  
25 claim allowed, to consist of not more than ten words in stating  
26 the nature of each such claim. The secretary shall likewise cause  
27 to be published a concise summary of all other proceedings of such

1 meetings. Publication of such claims or proceedings in a legal  
2 newspaper shall not be required unless the publication can be done  
3 at an expense not exceeding the rates provided by law for the  
4 publication of proceedings of county boards.

5           Sec. 56. Section 79-581, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7           79-581 The secretary of any school board or board of  
8 education of a Class I, II, or III, ~~or VI~~ school district failing  
9 or neglecting to comply with the provisions of section 79-580 shall  
10 be guilty of a Class V misdemeanor. In the discretion of the court,  
11 the judgment of conviction may provide for the removal from office  
12 of such secretary for such failure or neglect.

13           Sec. 57. Section 79-586, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           79-586 The treasurer of each Class I, II, III, or IV,  
16 ~~or VI~~ school district shall, within ten days after his or her  
17 election, execute to the county and file with the secretary a bond  
18 or evidence of equivalent insurance coverage of not less than five  
19 hundred dollars in any instance and not more than double the amount  
20 of money, as nearly as can be ascertained, to come into his or  
21 her hands as treasurer at any one time, which bond shall be signed  
22 by either a personal surety or a surety company or companies of  
23 recognized responsibility as surety or sureties, to be approved by  
24 the president and secretary, conditioned for the faithful discharge  
25 of the duties of the office. The bond when approved or evidence  
26 of equivalent insurance coverage shall be filed by the secretary  
27 in the office of the county treasurer of the county in which the

1 school district is situated. If the treasurer fails to execute such  
2 bond or provide evidence of such insurance coverage, the office  
3 shall be declared vacant by the school board or board of education  
4 and the board shall immediately appoint a treasurer who shall be  
5 subject to the same conditions and possess the same powers as  
6 if elected to that office. The treasurer shall have no power or  
7 authority to withdraw or disburse the money of the district prior  
8 to filing the bond or evidence of equivalent insurance coverage  
9 provided for in this section.

10           Sec. 58. Section 79-587, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-587 The treasurer of each Class I, II, III, or IV~~7~~  
13 ~~or VI~~ school district shall apply for and receive from the county  
14 treasurer all school money apportioned to or collected for the  
15 district by the county treasurer, upon order of the secretary  
16 countersigned by the president. The treasurer shall pay out all  
17 money received by him or her, on the order of the secretary  
18 countersigned by the president of such district.

19           Sec. 59. Section 79-588, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           79-588 The treasurer of a Class I, II, III, or IV~~7~~ ~~or~~  
22 ~~VI~~ school district shall keep a record in which the treasurer  
23 shall enter all the money received and disbursed by him or her,  
24 specifying particularly (1) the source from which money has been  
25 received, (2) to what fund it belongs, and (3) the person or  
26 persons to whom and the object for which the same has been paid  
27 out. The treasurer shall present to the district, at each annual

1 meeting, a report in writing containing a statement of all money  
2 received during the preceding year and of the disbursement made  
3 with the items of such disbursements and exhibit the vouchers  
4 therefor. At the close of the treasurer's term of office, he or she  
5 shall settle with the school board and shall hand over to his or  
6 her successor the records and all receipts, vouchers, orders, and  
7 papers coming into his or her hands as treasurer of the district,  
8 together with all money remaining in his or her hands as such  
9 treasurer.

10           Sec. 60. Section 79-594, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           79-594 The school board in a Class II, III, or IV,  
13 ~~or VI~~ school district may also elect at any regular meeting one  
14 superintendent of public instruction with such salary as the board  
15 deems best and may enter into contract with him or her at its  
16 discretion, for a term not to exceed three years.

17           Sec. 61. Section 79-5,107, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19           79-5,107 The ~~board of education of any Class VI school~~  
20 ~~district formerly organized as a rural high school district or the~~  
21 school board of any Class II district may pay tuition based on  
22 the actual per pupil cost of the receiving district for any junior  
23 high, junior-senior high, or senior high school pupil residing in  
24 the district to attend an accredited junior high, junior-senior  
25 high, or senior high school outside such district when such  
26 facilities are located closer to the residence of the pupil than  
27 the school maintained by such district and when in the opinion of

1 the board the best interest of such pupil or such school district  
2 may so require.

3 Sec. 62. Section 79-611, Revised Statutes Cumulative  
4 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
5 amended to read:

6 79-611 (1) The school board of any school district that  
7 is not subject to subsection (2) of this section shall either  
8 provide free transportation or pay an allowance for transportation  
9 in lieu of free transportation as follows:

10 (a) When a student attends an elementary school in his  
11 or her own district and lives more than four miles from the public  
12 schoolhouse in such district;

13 (b) When a student is required to attend an elementary  
14 school outside of his or her own district and lives more than four  
15 miles from such elementary school;

16 (c) When a student attends a secondary school in his or  
17 her own Class II or Class III school district and lives more than  
18 four miles from the public schoolhouse; and ~~This subdivision does~~  
19 ~~not apply when one or more Class I school districts merge with~~  
20 ~~a Class VI school district to form a new Class II or III school~~  
21 ~~district on or after January 1, 1997, and~~

22 (d) When a student, other than a student in grades ten  
23 through twelve in a Class V district, attends an elementary or  
24 junior high school in his or her own Class V district and lives  
25 more than four miles from the public schoolhouse in such district.

26 (2) The school board of any school district that is a  
27 member of a learning community subject to the enrollment provisions

1 of section 79-2110 shall provide free transportation for a student  
2 if (a) the student is a resident of any school district that is  
3 a member of such learning community, (b) the student is attending  
4 a school in the school district under the control of such school  
5 board, and (c) the student does not reside in the attendance area  
6 for such school. Transportation shall be provided from the school  
7 building providing education in at least kindergarten through grade  
8 three in the attendance area in which the student resides to  
9 the school building the student attends. This subsection does not  
10 prohibit a school district from providing additional transportation  
11 to any student.

12 (3) The transportation allowance which may be paid to  
13 the parent, custodial parent, or guardian of students qualifying  
14 for free transportation pursuant to subsection (1) or (2) of this  
15 section shall equal two hundred eighty-five percent of the mileage  
16 rate provided in section 81-1176, multiplied by each mile actually  
17 and necessarily traveled, on each day of attendance, beyond which  
18 the one-way distance from the residence of the student to the  
19 schoolhouse exceeds three miles.

20 (4) Whenever students from more than one family travel to  
21 school in the same vehicle, the transportation allowance prescribed  
22 in subsection (3) of this section shall be payable as follows:

23 (a) To the parent, custodial parent, or guardian  
24 providing transportation for students from other families, one  
25 hundred percent of the amount prescribed in subsection (3) of  
26 this section for the transportation of students of such parent's,  
27 custodial parent's, or guardian's own family and an additional

1 five percent for students of each other family not to exceed a  
2 maximum of one hundred twenty-five percent of the amount determined  
3 pursuant to subsection (3) of this section; and

4 (b) To the parent, custodial parent, or guardian not  
5 providing transportation for students of other families, two  
6 hundred eighty-five percent of the mileage rate provided in section  
7 81-1176 multiplied by each mile actually and necessarily traveled,  
8 on each day of attendance, from the residence of the student to  
9 the pick-up point at which students transfer to the vehicle of a  
10 parent, custodial parent, or guardian described in subdivision (a)  
11 of this subsection.

12 (5) The board may authorize school-provided  
13 transportation to any student who does not qualify under the  
14 mileage requirements of subsection (1) of this section and may  
15 charge a fee to the parent or guardian of the student for such  
16 service. An affiliated high school district may provide free  
17 transportation or pay the allowance described in this section for  
18 high school students residing in an affiliated Class I district. No  
19 transportation payments shall be made to a family for mileage not  
20 actually traveled by such family. The number of days the student  
21 has attended school shall be reported monthly by the teacher to the  
22 board of such public school district.

23 (6) No more than one allowance shall be made to a  
24 family irrespective of the number of students in a family being  
25 transported to school. If a family resides in a Class I district  
26 which is part of a Class VI district and has students enrolled in  
27 any of the grades offered by the Class I district and in any of

1 ~~the non-high-school grades offered by the Class VI district, such~~  
2 ~~family shall receive not more than one allowance for the distance~~  
3 ~~actually traveled when both districts are on the same direct travel~~  
4 ~~route with one district being located a greater distance from the~~  
5 ~~residence than the other. In such cases, the travel allowance shall~~  
6 ~~be prorated among the school districts involved.~~

7 (7) No student shall be exempt from school attendance on  
8 account of distance from the public schoolhouse.

9 Sec. 63. Section 79-716, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11 79-716 Every affiliated high school district and every  
12 Class VI school district shall undertake efforts to provide  
13 for coordination of the curriculum between the elementary school  
14 program of instruction of participating Class I school districts  
15 and the high school program of instruction of such affiliated  
16 high school district, ~~or Class VI school district.~~ Notwithstanding  
17 reasonable and good faith efforts to provide for coordination of  
18 curriculum, each school board of a Class I school district shall  
19 retain the final authority to determine matters of curriculum. ~~Any~~  
20 ~~additional costs incurred in providing the coordinated services~~  
21 ~~required by this section shall be included as a cost of the Class~~  
22 ~~VI school district.~~ In the case of an affiliated school system, any  
23 additional costs incurred for curriculum coordination pursuant to  
24 this section shall be funded through the budget of the high school  
25 district. Any additional services required by any affiliated Class  
26 I district shall be funded through such Class I district's budget  
27 which may include contractual or purchased services.

1           Sec. 64. Section 79-828, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           79-828 (1) The contract of a probationary certificated  
4 employee shall be deemed renewed and remain in full force and  
5 effect unless amended or not renewed in accordance with sections  
6 79-824 to 79-842.

7           (2) The purpose of the probationary period is to allow  
8 the employer an opportunity to evaluate, assess, and assist the  
9 employee's professional skills and work performance prior to the  
10 employee obtaining permanent status.

11           All probationary certificated employees employed by Class  
12 I, II, and III, ~~and VI~~ school districts shall, during each year of  
13 probationary employment, be evaluated at least once each semester,  
14 unless the probationary certificated employee is a superintendent,  
15 in accordance with the procedures outlined below:

16           The probationary employee shall be observed and  
17 evaluation shall be based upon actual classroom observations for  
18 an entire instructional period. If deficiencies are noted in  
19 the work performance of any probationary employee, the evaluator  
20 shall provide the teacher or administrator at the time of the  
21 observation with a list of deficiencies, a list of suggestions  
22 for improvement and assistance in overcoming the deficiencies, and  
23 followup evaluations and assistance when deficiencies remain.

24           If the probationary certificated employee is a  
25 superintendent, he or she shall be evaluated twice during the first  
26 year of employment and at least once annually thereafter.

27           Any certificated employee employed prior to September 1,

1 1982, by the school board of any Class I, II, or III, ~~or VI~~  
2 school district shall serve the probationary period required by law  
3 prior to such date and shall not be subject to any extension of  
4 probation.

5 (3) If the school board or the superintendent or  
6 superintendent's designee determines that it is appropriate to  
7 consider whether the contract of a probationary certificated  
8 employee or the superintendent should be amended or not renewed for  
9 the next school year, such certificated employee shall be given  
10 written notice that the school board will consider the amendment  
11 or nonrenewal of such certificated employee's contract for the  
12 ensuing school year. Upon request of the certificated employee,  
13 notice shall be provided which shall contain the written reasons  
14 for such proposed amendment or nonrenewal and shall be sufficiently  
15 specific so as to provide such employee the opportunity to prepare  
16 a response and the reasons set forth in the notice shall be  
17 employment related.

18 (4) The school board may elect to amend or not renew  
19 the contract of a probationary certificated employee for any reason  
20 it deems sufficient if such nonrenewal is not for constitutionally  
21 impermissible reasons, and such nonrenewal shall be in accordance  
22 with sections 79-824 to 79-842. Amendment or nonrenewal for reason  
23 of reduction in force shall be subject to sections 79-824 to 79-842  
24 and 79-846 to 79-849.

25 (5) Within seven calendar days after receipt of  
26 the notice, the probationary certificated employee may make a  
27 written request to the secretary of the school board or to the

1 superintendent or superintendent's designee for a hearing before  
2 the school board.

3 (6) Prior to scheduling of action or a hearing on  
4 the matter, if requested, the notice of possible amendment  
5 or nonrenewal and the reasons supporting possible amendment or  
6 nonrenewal shall be considered a confidential employment matter as  
7 provided in sections 79-539, 79-8,109, and 84-1410 and shall not be  
8 released to the public or any news media.

9 (7) At any time prior to the holding of a hearing or  
10 prior to final determination by the school board to amend or not  
11 renew the contract involved, the probationary certificated employee  
12 may submit a letter of resignation for the ensuing year, which  
13 resignation shall be accepted by the school board.

14 (8) The probationary certificated employee shall be  
15 afforded a hearing which shall not be required to meet the  
16 requirements of a formal due process hearing as set forth in  
17 section 79-832 but shall be subject to section 79-834.

18 Sec. 65. Section 79-850, Revised Statutes Cumulative  
19 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
20 amended to read:

21 79-850 For purposes of sections 79-850 to 79-858:

22 (1) Reorganized school district means: (a) Any expanded  
23 or altered school district, organized or altered by any of the  
24 means provided by Nebraska law including, but not limited to, the  
25 methods provided by the Reorganization of School Districts Act,  
26 the Learning Community Reorganization Act, section 79-407, 79-413,  
27 or 79-473, or sections 79-415 ~~to 79-417~~ and 79-416 or 79-452 to

1 79-455; or (b) any school district to be formed in the future  
2 if the petition or plan for such reorganized school district  
3 has been approved pursuant to any of the methods set forth in  
4 subdivision (1)(a) of this section when the effective date of such  
5 reorganization is prospective. For purposes of this subdivision,  
6 a petition or plan shall be deemed approved when the last legal  
7 action has been taken, as prescribed in section 79-413, 79-450, or  
8 79-455, necessary to effect the changes in boundaries as set forth  
9 in the petition or plan; and

10 (2) Unified system means a unified system as defined in  
11 section 79-4,108 recognized by the State Department of Education  
12 pursuant to subsection (3) of such section, which employs  
13 certificated staff.

14 Sec. 66. Section 79-1001, Revised Statutes Cumulative  
15 Supplement, 2006, is amended to read:

16 79-1001 Sections 79-1001 to 79-1033 and section 69 of  
17 this act shall be known and may be cited as the Tax Equity and  
18 Educational Opportunities Support Act.

19 Sec. 67. Section 79-1003, Revised Statutes Cumulative  
20 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
21 amended to read:

22 79-1003 For purposes of the Tax Equity and Educational  
23 Opportunities Support Act:

24 (1) Adjusted general fund operating expenditures means  
25 (a) for school fiscal years before school fiscal year 2007-08,  
26 general fund operating expenditures as calculated pursuant to  
27 subdivision (24) of this section minus the transportation allowance

1 and minus the special receipts allowance, (b) for school fiscal  
2 year 2007-08, general fund operating expenditures as calculated  
3 pursuant to subdivision (24) of this section minus the sum of  
4 the transportation, special receipts, and distance education and  
5 telecommunications allowances, and (c) for school fiscal year  
6 2008-09 and each school fiscal year thereafter, the difference  
7 of the product of the general fund operating expenditures as  
8 calculated pursuant to subdivision (24) of this section multiplied  
9 by the cost growth factor for the school district's cost  
10 grouping calculated pursuant to section 79-1007.10 minus the  
11 transportation allowance, remote elementary allowance, special  
12 receipts allowance, poverty allowance, limited English proficiency  
13 allowance, elementary class size allowance, and focus school and  
14 program allowance;

15 (2) Adjusted valuation means the assessed valuation of  
16 taxable property of each local system in the state, adjusted  
17 pursuant to the adjustment factors described in section 79-1016.  
18 Adjusted valuation means the adjusted valuation for the property  
19 tax year ending during the school fiscal year immediately preceding  
20 the school fiscal year in which the aid based upon that value is  
21 to be paid. For purposes of determining the local effort rate yield  
22 pursuant to section 79-1015.01, adjusted valuation does not include  
23 the value of any property which a court, by a final judgment from  
24 which no appeal is taken, has declared to be nontaxable or exempt  
25 from taxation;

26 (3) Allocated income tax funds means the amount of  
27 assistance paid to a local system pursuant to section 79-1005.01 or

1 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
2 section 79-1008.02;

3 (4) Average daily attendance of a student who resides on  
4 Indian land means average daily attendance of a student who resides  
5 on Indian land from the most recent data available on November 1  
6 preceding the school fiscal year in which aid is to be paid;

7 (5) Average daily membership means the average daily  
8 membership for grades kindergarten through twelve attributable to  
9 the local system, as provided in each district's annual statistical  
10 summary, and includes the proportionate share of students enrolled  
11 in a public school instructional program on less than a full-time  
12 basis;

13 (6) Base fiscal year means the first school fiscal year  
14 following the school fiscal year in which the reorganization or  
15 unification occurred;

16 (7) Board means the school board of each school district;

17 (8) Categorical funds means funds limited to a specific  
18 purpose by federal or state law, including, but not limited to,  
19 Title I funds, Title VI funds, federal vocational education funds,  
20 federal school lunch funds, Indian education funds, Head Start  
21 funds, and funds from the Education Innovation Fund;

22 (9) Consolidate means to voluntarily reduce the number of  
23 school districts providing education to a grade group and does not  
24 include dissolution pursuant to section 79-498;

25 (10) Converted contract means an expired contract that  
26 was in effect for at least fifteen years for the education of  
27 students in a nonresident district in exchange for tuition from

1 the resident district when the expiration of such contract results  
2 in the nonresident district educating students who would have been  
3 covered by the contract if the contract were still in effect  
4 as option students pursuant to the enrollment option program  
5 established in section 79-234;

6 (11) Converted contract option students means students  
7 who will be option students pursuant to the enrollment option  
8 program established in section 79-234 for the school fiscal year  
9 for which aid is being calculated and who would have been covered  
10 by a converted contract if the contract were still in effect and  
11 such school fiscal year is the first school fiscal year for which  
12 such contract is not in effect;

13 (12) Department means the State Department of Education;

14 (13) Distance education and telecommunications allowance  
15 means, for state aid calculated for school fiscal year 2007-08  
16 and each school fiscal year thereafter, eighty-five percent of  
17 the difference of the costs for (a) telecommunications services,  
18 (b) access to data transmission networks that transmit data to  
19 and from the school district, and (c) the transmission of data  
20 on such networks paid by the school districts in the local  
21 system as reported on the annual financial report for the most  
22 recently available complete data year minus the receipts from the  
23 federal Universal Service Fund pursuant to section 254 of the  
24 Telecommunications Act of 1996, 47 U.S.C. 254, as such section  
25 existed on January 1, 2006, for the school districts in the local  
26 system as reported on the annual financial report for the most  
27 recently available complete data year;

1                   (14) District means any Class I, II, III, IV, or V ~~or VI~~  
2 school district;

3                   (15) Ensuing school fiscal year means the school fiscal  
4 year following the current school fiscal year;

5                   (16) Equalization aid means the amount of assistance  
6 calculated to be paid to a local system pursuant to sections  
7 79-1008.01 to 79-1022 and 79-1022.02;

8                   (17) Fall membership means the total membership in  
9 kindergarten through grade twelve attributable to the local system  
10 as reported on the fall school district membership reports for each  
11 district pursuant to section 79-528;

12                   (18) Fiscal year means the state fiscal year which is the  
13 period from July 1 to the following June 30;

14                   (19) Formula students means (a) for state aid certified  
15 pursuant to section 79-1022, the sum of fall membership from the  
16 school fiscal year immediately preceding the school fiscal year in  
17 which the aid is to be paid, multiplied by the average ratio of  
18 average daily membership to fall membership for the second school  
19 fiscal year immediately preceding the school fiscal year in which  
20 aid is to be paid and the prior two school fiscal years, plus  
21 qualified early childhood education fall membership plus tuitioned  
22 students from the school fiscal year immediately preceding the  
23 school fiscal year in which the aid is to be paid and (b) for final  
24 calculation of state aid pursuant to section 79-1065, the sum of  
25 average daily membership plus qualified early childhood education  
26 average daily membership plus tuitioned students from the school  
27 fiscal year immediately preceding the school fiscal year in which

1 the aid was paid;

2 (20) Free lunch and free milk student means a student  
3 who qualified for free lunches or free milk from the most recent  
4 data available on November 1 of the school fiscal year immediately  
5 preceding the school fiscal year in which aid is to be paid;

6 (21) Full-day kindergarten means kindergarten offered by  
7 a district for at least one thousand thirty-two instructional  
8 hours;

9 (22) General fund budget of expenditures means the total  
10 budget of disbursements and transfers for general fund purposes as  
11 certified in the budget statement adopted pursuant to the Nebraska  
12 Budget Act, except that for purposes of the limitation imposed in  
13 section 79-1023, the calculation of Class I total allowable general  
14 fund budget of expenditures minus the special education budget of  
15 expenditures pursuant to section 79-1083.03, and the calculation  
16 pursuant to subdivision (2) of section 79-1027.01, the general fund  
17 budget of expenditures does not include any special grant funds,  
18 exclusive of local matching funds, received by a district subject  
19 to the approval of the department;

20 (23) General fund expenditures means all expenditures  
21 from the general fund;

22 (24) General fund operating expenditures means the total  
23 general fund expenditures minus categorical funds, tuition paid,  
24 transportation fees paid to other districts, adult education,  
25 summer school, community services, redemption of the principal  
26 portion of general fund debt service, retirement incentive plans,  
27 staff development assistance, and transfers from other funds into

1 the general fund for the second school fiscal year immediately  
2 preceding the school fiscal year in which aid is to be paid;

3 (25) High school district means a school district  
4 providing instruction in at least grades nine through twelve;

5 (26) Income tax liability means the amount of the  
6 reported income tax liability for resident individuals pursuant  
7 to the Nebraska Revenue Act of 1967 less all nonrefundable credits  
8 earned and refunds made;

9 (27) Income tax receipts means the amount of income tax  
10 collected pursuant to the Nebraska Revenue Act of 1967 less all  
11 nonrefundable credits earned and refunds made;

12 (28) Limited English proficiency student means a student  
13 with limited English proficiency from the most recent data  
14 available on November 1 of the school fiscal year preceding  
15 the school fiscal year in which aid is to be paid;

16 (29) Local system means a ~~Class VI district and the~~  
17 ~~associated Class I districts or~~ (a) a Class II, III, IV, or V  
18 district and any affiliated Class I districts or portions of Class  
19 I districts and (b) for school fiscal year 2008-09 and each school  
20 fiscal year thereafter, a learning community or a Class II, III,  
21 IV, or V district that is not a member of a learning community.  
22 The membership, expenditures, and resources of Class I districts  
23 that are affiliated with multiple high school districts will be  
24 attributed to local systems based on the percent of the Class I  
25 valuation that is affiliated with each high school district;

26 (30) Low-income child means (a) for school fiscal years  
27 prior to 2008-09, a child under nineteen years of age living in

1 a household having an annual adjusted gross income of fifteen  
2 thousand dollars or less for the second calendar year preceding  
3 the beginning of the school fiscal year for which aid is being  
4 calculated and (b) for school fiscal year 2008-09 and each school  
5 fiscal year thereafter, a child under nineteen years of age living  
6 in a household having an annual adjusted gross income for the  
7 second calendar year preceding the beginning of the school fiscal  
8 year for which aid is being calculated equal to or less than the  
9 maximum household income that would allow a student from a family  
10 of four people to be a free lunch and free milk student during the  
11 school fiscal year immediately preceding the school fiscal year for  
12 which aid is being calculated;

13 (31) Low-income students means the number of low-income  
14 children within the local system multiplied by the ratio of the  
15 formula students in the local system divided by the total children  
16 under nineteen years of age residing in the local system as derived  
17 from income tax information;

18 (32) Most recently available complete data year means  
19 the most recent single school fiscal year for which the annual  
20 financial report, fall school district membership report, annual  
21 statistical summary, Nebraska income tax liability by school  
22 district for the calendar year in which the majority of the school  
23 fiscal year falls, and adjusted valuation data are available;

24 (33) Poverty students means the number of low-income  
25 students or the number of formula students who are free lunch and  
26 free milk students in a local system, whichever is greater;

27 (34) Qualified early childhood education average daily

1 membership means the product of the average daily membership for  
2 school fiscal year 2006-07 and each school fiscal year thereafter  
3 of students who will be eligible to attend kindergarten the  
4 following school year and are enrolled in an early childhood  
5 education program approved by the department pursuant to section  
6 79-1103 for such school district for such school year if: (a)  
7 The program is receiving a grant pursuant to such section for the  
8 third year; (b) the program has already received grants pursuant to  
9 such section for three years; or (c) the program has been approved  
10 pursuant to subsection (5) of section 79-1103 for such school year  
11 and the two preceding school years, including any such students  
12 in portions of any of such programs receiving an expansion grant,  
13 multiplied by the ratio of the actual instructional hours of the  
14 program divided by one thousand thirty-two;

15 (35) Qualified early childhood education fall membership  
16 means the product of membership on the last Friday in September  
17 2006 and each year thereafter of students who will be eligible  
18 to attend kindergarten the following school year and are enrolled  
19 in an early childhood education program approved by the department  
20 pursuant to section 79-1103 for such school district for such  
21 school year if: (a) The program is receiving a grant pursuant  
22 to such section for the third year; (b) the program has already  
23 received grants pursuant to such section for three years; or (c)  
24 the program has been approved pursuant to subsection (5) of section  
25 79-1103 for such school year and the two preceding school years,  
26 including any such students in portions of any of such programs  
27 receiving an expansion grant, multiplied by the ratio of the

1 planned instructional hours of the program divided by one thousand  
2 thirty-two;

3 (36) Regular route transportation means the  
4 transportation of students on regularly scheduled daily routes to  
5 and from the attendance center;

6 (37) Reorganized district means any district involved  
7 in a consolidation and currently educating students following  
8 consolidation;

9 (38) School year or school fiscal year means the fiscal  
10 year of a school district as defined in section 79-1091;

11 (39) Special education means specially designed  
12 kindergarten through grade twelve instruction pursuant to section  
13 79-1125, and includes special education transportation;

14 (40) Special grant funds means the budgeted receipts for  
15 grants, including, but not limited to, Title I funds, Title VI  
16 funds, funds from the Education Innovation Fund, reimbursements  
17 for wards of the court, short-term borrowings including, but  
18 not limited to, registered warrants and tax anticipation notes,  
19 interfund loans, insurance settlements, and reimbursements to  
20 county government for previous overpayment. The state board shall  
21 approve a listing of grants that qualify as special grant funds;

22 (41) Special receipts allowance means the amount of  
23 special education, state ward, and accelerated or differentiated  
24 curriculum program receipts included in local system formula  
25 resources under subdivisions (7), (8), (16), and (17) of section  
26 79-1018.01 attributable to the school district;

27 (42) State aid means the amount of assistance paid to a

1 district pursuant to the Tax Equity and Educational Opportunities  
2 Support Act;

3 (43) State board means the State Board of Education;

4 (44) State support means all funds provided to districts  
5 by the State of Nebraska for the general fund support of elementary  
6 and secondary education;

7 (45) Temporary aid adjustment factor means (a) for school  
8 fiscal years before school fiscal year 2007-08, one and one-fourth  
9 percent of the sum of the local system's transportation allowance,  
10 the local system's special receipts allowance, and the product  
11 of the local system's adjusted formula students multiplied by  
12 the average formula cost per student in the local system's cost  
13 grouping and (b) for school fiscal year 2007-08 and each school  
14 fiscal year thereafter, one and one-fourth percent of the sum  
15 of the local system's transportation allowance, special receipts  
16 allowance, and distance education and telecommunications allowance  
17 and the product of the local system's adjusted formula students  
18 multiplied by the average formula cost per student in the local  
19 system's cost grouping;

20 (46) Transportation allowance means the lesser of (a)  
21 each local system's general fund expenditures for regular route  
22 transportation and in lieu of transportation expenditures pursuant  
23 to section 79-611 in the second school fiscal year immediately  
24 preceding the school fiscal year in which aid is to be paid,  
25 but not including special education transportation expenditures or  
26 other expenditures previously excluded from general fund operating  
27 expenditures, or (b) the number of miles traveled in the second

1 school fiscal year immediately preceding the school fiscal year in  
2 which aid is to be paid by vehicles owned, leased, or contracted  
3 by the district or the districts in the local system for the  
4 purpose of regular route transportation multiplied by four hundred  
5 percent of the mileage rate established by the Department of  
6 Administrative Services pursuant to section 81-1176 as of January 1  
7 of the most recently available complete data year added to in lieu  
8 of transportation expenditures pursuant to section 79-611 from the  
9 same data year;

10 (47) Tuition receipts from converted contracts means  
11 tuition receipts received by a district from another district  
12 in the most recently available complete data year pursuant to a  
13 converted contract prior to the expiration of the contract; and

14 (48) Tuitioned students means students in kindergarten  
15 through grade twelve of the district whose tuition is paid by the  
16 district to some other district or education agency.

17 Sec. 68. Section 79-1007.02, Revised Statutes Cumulative  
18 Supplement, 2006, is amended to read:

19 79-1007.02 For state aid calculated for school fiscal  
20 year 1998-99 and each school fiscal year thereafter:

21 (1) Using data from the annual financial reports for the  
22 second school fiscal year immediately preceding the school fiscal  
23 year in which aid is to be paid, the annual statistical summary  
24 reports for the school fiscal year immediately preceding the school  
25 fiscal year in which aid is to be paid, the fall membership reports  
26 and supplements thereto for the school fiscal year immediately  
27 preceding the school fiscal year in which aid is to be paid,

1 and the school district census as reported under sections 79-524  
2 and 79-578 for the second school fiscal year preceding the school  
3 fiscal year in which aid is to be paid, the department shall  
4 divide the local systems into three cost groupings prior to the  
5 certification of state aid based upon the following criteria:

6 (a) The very sparse cost grouping will consist of local  
7 systems that have (i) (A) less than one-half student per square  
8 mile in each county in which each high school attendance center  
9 is located, based on the school district census, (B) less than  
10 one formula student per square mile in the local system, and (C)  
11 more than fifteen miles between the high school attendance center  
12 and the next closest high school attendance center on paved roads  
13 or (ii) (A) more than four hundred fifty square miles in the local  
14 system, (B) less than one-half student per square mile in the local  
15 system, and (C) more than fifteen miles between each high school  
16 attendance center and the next closest high school attendance  
17 center on paved roads;

18 (b) The sparse cost grouping will consist of local  
19 systems that do not qualify for the very sparse cost grouping but  
20 which meet the following criteria:

21 (i) (A) Less than two students per square mile in the  
22 county in which each high school is located, based on the school  
23 district census, (B) less than one formula student per square mile  
24 in the local system, and (C) more than ten miles between each  
25 high school attendance center and the next closest high school  
26 attendance center on paved roads;

27 (ii) (A) Less than one and one-half formula students per

1 square mile in the local system and (B) more than fifteen miles  
2 between each high school attendance center and the next closest  
3 high school attendance center on paved roads;

4 (iii) (A) Less than one and one-half formula students per  
5 square mile in the local system and (B) more than two hundred  
6 seventy-five square miles in the local system; or

7 (iv) (A) Less than two formula students per square mile in  
8 the local system and (B) the local system includes an area equal  
9 to ninety-five percent or more of the square miles in the largest  
10 county in which a high school attendance center is located in the  
11 local system; and

12 (c) The standard cost grouping will consist of local  
13 systems that do not qualify for the very sparse or the sparse cost  
14 groupings.

15 For purposes of subdivision (1) of this section, if a  
16 local system did not operate and offer instruction in grades nine  
17 through twelve within the boundaries of the local system during the  
18 school fiscal year immediately preceding the school fiscal year in  
19 which aid is to be paid, the local system shall not be considered  
20 to have a high school attendance center;

21 (2) (a) The department shall calculate the average formula  
22 cost per student in each cost grouping by dividing the total  
23 estimated general fund operating expenditures for the cost grouping  
24 by the difference between the total adjusted formula students for  
25 all local systems in the cost grouping minus (i) the adjusted  
26 formula students attributed to early childhood education programs  
27 approved by the department pursuant to section 79-1103 for the

1 first two school fiscal years for which students attributed to  
2 early childhood education programs approved by the department  
3 pursuant to section 79-1103 are being included in the calculation  
4 of state aid for the local system and (ii) for the first two  
5 school fiscal years immediately following the school fiscal year in  
6 which a district in the local system received an expansion grant  
7 pursuant to section 79-1103, the difference between the adjusted  
8 formula students attributed to early childhood education programs  
9 approved by the department pursuant to section 79-1103 for the  
10 school fiscal year immediately following the school fiscal year in  
11 which a district in the local system received an expansion grant  
12 minus the adjusted formula students attributed to early childhood  
13 education programs approved by the department pursuant to section  
14 79-1103 for the school fiscal year in which a district in the  
15 local system received an expansion grant. For the calculation of  
16 state aid for school fiscal year 1999-00 and for each school fiscal  
17 year thereafter, the average formula cost per student in each cost  
18 grouping shall not be recalculated for the final calculation of  
19 state aid pursuant to section 79-1065. The calculation of total  
20 adjusted formula students for purposes of this subdivision shall  
21 take into account the requirements of subdivision (2) of section  
22 79-1007.01. For school fiscal years prior to school fiscal year  
23 2008-09, the total estimated general fund operating expenditures  
24 for the cost grouping is equal to the total adjusted general fund  
25 operating expenditures for all local systems in the cost grouping  
26 multiplied by a cost growth factor. For school fiscal year 2008-09  
27 and each school fiscal year thereafter, the total estimated general

1 fund operating expenditures for the cost grouping is equal to the  
2 total adjusted general fund operating expenditures for all local  
3 systems in the cost grouping.

4 (b) The cost growth factor for each cost grouping is  
5 equal to the sum of: (i) One; plus (ii) the product of two  
6 times the ratio of the difference between the formula students  
7 attributable to the cost grouping without weighting or adjustment  
8 pursuant to section 79-1007.01 and the sum of the average  
9 daily membership plus tuitioned students attributable to the cost  
10 grouping for the most recently available complete data year divided  
11 by the sum of the average daily membership plus tuitioned students  
12 attributable to the cost grouping for the most recently available  
13 complete data year, except that the ratio shall not be less than  
14 zero; plus (iii) the basic allowable growth rate pursuant to  
15 section 79-1025 for the school fiscal year in which the aid is to  
16 be distributed; plus (iv) the basic allowable growth rate pursuant  
17 to section 79-1025 for the school fiscal year immediately preceding  
18 the school fiscal year in which the aid is to be distributed;  
19 plus (v) one-half of any additional growth rate allowed by special  
20 action of school boards for the school fiscal year in which the  
21 aid is to be distributed as determined for the school fiscal  
22 year immediately preceding the school fiscal year when aid is to  
23 be distributed; plus (vi) one-half of any additional growth rate  
24 allowed by special action of the school boards for the school  
25 fiscal year immediately preceding the school fiscal year when the  
26 aid is to be distributed;

27 (3) For school fiscal years 2002-03 through 2006-07, each

1 local system's formula need shall be calculated by subtracting  
2 the temporary aid adjustment factor from the sum of the local  
3 system's transportation allowance, the local system's special  
4 receipts allowance, and the product of the local system's adjusted  
5 formula students multiplied by the average formula cost per student  
6 in the local system's cost grouping. The calculation of total  
7 adjusted formula students for purposes of this subdivision shall  
8 take into account the requirements of subdivision (2) of section  
9 79-1007.01;

10 (4) For school fiscal year 2007-08, each local system's  
11 formula need shall be calculated by subtracting the temporary aid  
12 adjustment factor from the sum of the local system's transportation  
13 allowance, special receipts allowance, and distance education and  
14 telecommunications allowance and the product of the local system's  
15 adjusted formula students multiplied by the average formula cost  
16 per student in the local system's cost grouping. The calculation  
17 of total adjusted formula students for purposes of this subdivision  
18 shall take into account the requirements of subdivision (2) of  
19 section 79-1007.01; and

20 (5) For school fiscal year 2008-09 and each school  
21 fiscal year thereafter, each school district's formula need shall  
22 equal the greater of (a) the sum of the school district's  
23 transportation allowance, remote elementary allowance, elementary  
24 class size allowance, focus school and program allowance, limited  
25 English proficiency allowance, poverty allowance, special receipts  
26 allowance, and distance education and telecommunications allowance  
27 plus the product of the school district's adjusted formula students

1 multiplied by the average formula cost per student in the school  
2 district's local system cost grouping or (b) if the school  
3 district's general fund levy was at or above ninety-nine cents  
4 per one hundred dollars of valuation for the previous year,  
5 the school district's prior year formula need multiplied by one  
6 hundred percent. The calculation of total adjusted formula students  
7 for purposes of this subdivision shall take into account the  
8 requirements of subdivision (2) of section 79-1007.03.

9           Sec. 69. For school fiscal year 2008-09 and each school  
10 fiscal year thereafter, the department shall determine the remote  
11 elementary allowance for each local system in the standard cost  
12 grouping which has at least one qualifying remote elementary  
13 attendance center and which submits the information required for  
14 the calculation on a form prescribed by the department on or  
15 before October 15 for state aid certified pursuant to section  
16 79-1022 and on or before June 30 for the final calculation of  
17 state aid pursuant to section 79-1065. For purposes of calculations  
18 pursuant to this section, a qualifying remote elementary attendance  
19 center is an elementary attendance center, in a district with  
20 multiple elementary attendance centers, which does not have another  
21 elementary attendance center within seven miles in the same school  
22 district and which is not the elementary attendance center with  
23 the greatest number of formula students attributed to it in the  
24 school district. The remote elementary allowance for each local  
25 system with at least one qualifying remote elementary attendance  
26 center shall equal the product of the formula students in grades  
27 kindergarten through six attributed to the qualifying remote

1 elementary attendance centers in the local system multiplied by  
2 fifty percent of the statewide average general fund operating  
3 expenditures per formula student.

4           Sec. 70. Section 79-1023, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6           79-1023 No Class II, III, IV, or V ~~or VI~~ district shall  
7 increase its general fund budget of expenditures more than the  
8 local system's applicable allowable growth rate.

9           Sec. 71. Section 79-1026, Revised Statutes Cumulative  
10 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
11 amended to read:

12           79-1026 For school fiscal years prior to 2008-09: On or  
13 before ~~June 15, 2003,~~ and ~~on or before~~ February 1, ~~for each year~~  
14 ~~thereafter,~~ the department shall determine and certify to each  
15 Class II, III, IV, or V ~~or VI~~ district an applicable allowable  
16 growth rate carried out at least four decimal places for each local  
17 system as follows:

18           (1) The department shall establish a target budget level  
19 range of general fund operating expenditure levels for each school  
20 fiscal year for each local system which shall begin at twenty  
21 percent less than the local system's formula need and end at the  
22 local system's formula need. The beginning point of the range shall  
23 be assigned a number equal to the maximum allowable growth rate  
24 established in section 79-1025, and the end point of the range  
25 shall be assigned a number equal to the basic allowable growth rate  
26 as prescribed in such section such that the lower end of the range  
27 shall be assigned the maximum allowable growth rate and the higher

1 end of the range shall be assigned the basic allowable growth rate;  
2 and

3 (2) For each school fiscal year, each local system's  
4 general fund operating expenditures shall be compared to its target  
5 budget level along the range described in subdivision (1) of  
6 this section to arrive at an applicable allowable growth rate as  
7 follows: If each local system's general fund operating expenditures  
8 fall below the lower end of the range, such applicable allowable  
9 growth rate shall be the maximum growth rate identified in section  
10 79-1025. If each local system's general fund operating expenditures  
11 are greater than the higher end of the range, the local system's  
12 allowable growth rate shall be the basic allowable growth rate  
13 identified in such section. If each local system's general fund  
14 operating expenditures fall between the lower end and the higher  
15 end of the range, the department shall use a linear interpolation  
16 calculation between the end points of the range to arrive at the  
17 applicable allowable growth rate for the local system.

18 Sec. 72. Section 79-1028, Revised Statutes Cumulative  
19 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
20 amended to read:

21 79-1028 (1) A Class II, III, IV, or V, ~~or VI~~ school  
22 district may exceed its applicable allowable growth rate for (a)  
23 expenditures in support of a service which is the subject of  
24 an agreement or a modification of an existing agreement whether  
25 operated by one of the parties to the agreement or an independent  
26 joint entity or joint public agency, (b) expenditures to pay for  
27 repairs to infrastructure damaged by a natural disaster which is

1 declared a disaster emergency pursuant to the Emergency Management  
2 Act, (c) expenditures to pay for judgments, except judgments  
3 or orders from the Commission of Industrial Relations, obtained  
4 against a school district which require or obligate a school  
5 district to pay such judgment, to the extent such judgment is not  
6 paid by liability insurance coverage of a school district, (d)  
7 expenditures to pay for sums agreed to be paid by a school district  
8 to certificated employees in exchange for a voluntary termination  
9 of employment, or (e) expenditures to pay for lease-purchase  
10 contracts approved on or after July 1, 1997, and before July  
11 1, 1998, to the extent the lease payments were not budgeted  
12 expenditures for fiscal year 1997-98.

13 (2) A Class II, III, IV, or V, ~~or VI~~ district may  
14 exceed its applicable allowable growth rate by a specific dollar  
15 amount if the district projects an increase in formula students  
16 in the district over the current school year greater than  
17 twenty-five students or greater than those listed in the schedule  
18 provided in this subsection, whichever is less. Districts shall  
19 project increases in formula students on forms prescribed by the  
20 department. The department shall approve, deny, or modify the  
21 projected increases.

22	Average daily	Projected increase
23	membership of	of formula students
24	district	by percentage
25	0 - 50	10
26	50.01 - 250	5
27	250.01 - 1,000	3



1 increased costs for the school year and shall notify the district  
2 on or before July 1 of the recovery of the additional growth  
3 pursuant to this subsection.

4 (4) A Class II, III, IV, or V~~7~~ ~~or~~ VI district may  
5 exceed its applicable allowable growth rate by a specific dollar  
6 amount if the district demonstrates to the satisfaction of the  
7 department that it will exceed its applicable allowable growth rate  
8 as a result of costs pursuant to the Retirement Incentive Plan  
9 authorized in section 79-855 or the Staff Development Assistance  
10 authorized in section 79-856. The department shall compute the  
11 amount by which the increased cost of such program or programs  
12 exceeds the district's applicable allowable growth rate and shall  
13 allow the district to increase its general fund expenditures by  
14 such amount for that fiscal year.

15 (5) A Class II, III, IV, or V district may exceed its  
16 applicable allowable growth rate by the specific dollar amount of  
17 incentive payments or base fiscal year incentive payments to be  
18 received in such school fiscal year pursuant to section 79-1011.

19 (6) A Class II, III, IV, or V~~7~~ ~~or~~ VI district may  
20 exceed its applicable allowable growth rate by a specific dollar  
21 amount in any year for which the state aid calculation for the  
22 local system includes students in the qualified early childhood  
23 education fall membership of the district for the first time or  
24 for a year in which an early childhood education program of the  
25 district is receiving an expansion grant. The department shall  
26 compute the amount by which the district may exceed the district's  
27 applicable allowable growth rate by multiplying the cost grouping

1 cost per student for the applicable cost grouping by the district's  
2 adjusted formula students attributed to early childhood education  
3 programs if students are included in the district's qualified  
4 early childhood education fall membership for the first time or by  
5 the district's adjusted formula students attributed to such early  
6 childhood education programs minus the district's adjusted formula  
7 students attributed to such early childhood education programs for  
8 the prior school fiscal year if a program is receiving an expansion  
9 grant in the school fiscal year for which the fall membership is  
10 measured. The department shall allow the district to increase its  
11 general fund expenditures by such amount for such school fiscal  
12 year.

13 (7) For school fiscal year 2005-06, a Class II, III, IV,  
14 V, or VI district may exceed its applicable allowable growth rate  
15 by a specific dollar amount not to exceed seventy-four hundredths  
16 percent of the amount budgeted for employee salaries for such  
17 school fiscal year. For school fiscal year 2006-07, a Class II,  
18 III, IV, V, or VI district may exceed its applicable allowable  
19 growth rate by a specific dollar amount not to exceed fifty-nine  
20 hundredths percent of the amount budgeted for employee salaries for  
21 such school fiscal year.

22 (8) A Class II, III, IV, or V district that is a  
23 member of a learning community may exceed its applicable allowable  
24 growth rate for the first school fiscal year in which the school  
25 district will be a member of a learning community for the full  
26 school fiscal year by an amount equal to anticipated increases in  
27 transportation expenditures necessary to meet the requirements of

1 subsection (2) of section 79-611 as approved by the department. The  
2 department shall approve, deny, or modify the amount allowed  
3 for anticipated increases in transportation expenditures. The  
4 department shall compute the actual increase in transportation  
5 expenditures necessary to meet the requirements of subsection (2)  
6 of section 79-611 for such school fiscal year and shall, if needed,  
7 modify the district's applicable allowable growth rate for the  
8 ensuing school fiscal year.

9 (9) For school fiscal year 2008-09, a Class II, III,  
10 IV, or V district may exceed its applicable allowable growth  
11 rate by a specific dollar amount if the sum of the poverty  
12 allowance, elementary class size allowance, focus school and  
13 program allowance, and limited English proficiency allowance for  
14 the school district for school fiscal year 2008-09 exceeds the  
15 poverty weightings plus limited English proficiency weightings  
16 multiplied by the cost grouping cost per student for the school  
17 district for school fiscal year 2007-08. The department shall  
18 compute the amount by which the district may exceed the applicable  
19 allowable growth rate by subtracting the product of the sum of  
20 the poverty weightings and limited English proficiency weightings  
21 for school fiscal year 2007-08 multiplied by the average formula  
22 cost per student in the school district's cost grouping for school  
23 fiscal year 2007-08 from the sum of the school fiscal year 2008-09  
24 poverty allowance, elementary class size allowance, focus school  
25 and program allowance, and limited English proficiency allowance  
26 for the school district. The department shall allow the district to  
27 increase its general fund expenditures by such amount for school

1 fiscal year 2008-09.

2           (10) For school fiscal year 2009-10 and each school  
3 fiscal year thereafter, a Class II, III, IV, or V district may  
4 exceed its applicable allowable growth rate by a specific dollar  
5 amount if the sum of the poverty allowance, elementary class size  
6 allowance, focus school and program allowance, and limited English  
7 proficiency allowance for the school district has grown at a rate  
8 higher than the applicable allowable growth rate of the district.  
9 The department shall compute the amount by which the district  
10 may exceed the applicable allowable growth rate by subtracting  
11 the product of the sum of the poverty allowance, elementary class  
12 size allowance, focus school and program allowance, and limited  
13 English proficiency allowance for the immediately preceding school  
14 fiscal year multiplied by the sum of one plus the applicable  
15 allowable growth rate to be exceeded from the sum of the poverty  
16 allowance, elementary class size allowance, focus school and  
17 program allowance, and limited English proficiency allowance for  
18 the district for the school fiscal year for which the applicable  
19 allowable growth rate would be exceeded. The department shall allow  
20 the district to increase its general fund expenditures by such  
21 amount for the applicable school fiscal year.

22           (11) A Class II, III, IV, or V school district may  
23 exceed its applicable allowable growth rate by a specific dollar  
24 amount not to exceed the amount received during such school fiscal  
25 year from educational entities as defined in section 79-1332 for  
26 providing distance education courses through the Distance Education  
27 Council to such educational entities.

1                   (12) A Class II, III, IV, or V school district may exceed  
2 its applicable allowable growth rate for school fiscal year 2007-08  
3 by a specific dollar amount equal to the amount paid in school  
4 fiscal year 2006-07 to any distance education consortium in which  
5 the school district was participating pursuant to an interlocal  
6 agreement.

7                   Sec. 73. Section 79-1029, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9                   79-1029 (1) A Class II, III, IV, or V ~~or VI~~ district  
10 may exceed the basic allowable growth rate prescribed in section  
11 79-1025 upon an affirmative vote of at least seventy-five percent  
12 of the board. The total growth shall not exceed the applicable  
13 allowable growth rate certified for the local system under section  
14 79-1026 plus one percent. The vote shall be taken at a public  
15 meeting of the board following a special public hearing called for  
16 the purpose of receiving testimony on such proposed increase. The  
17 board shall give at least five calendar days' notice of such public  
18 hearing and shall publish such notice at least once in a newspaper  
19 of general circulation in the local system.

20                   (2) A Class II, III, IV, or V ~~or VI~~ district may exceed  
21 the applicable allowable growth rate prescribed in section 79-1026  
22 by an amount approved by a majority of legal voters voting on the  
23 issue at a primary, general, or special election called for such  
24 purpose upon the recommendation of the board or upon the receipt by  
25 the county clerk or election commissioner of a petition requesting  
26 an election signed by at least five percent of the legal voters of  
27 the district. The recommendation of the board or the petition of

1 the legal voters shall include the amount and percentage by which  
2 the board would increase its general fund budget of expenditures  
3 for the ensuing school year over and above the current year's  
4 general fund budget of expenditures. The county clerk or election  
5 commissioner shall place the question on the primary or general  
6 election ballot or call for a special election on the issue after  
7 the receipt of such board recommendation or legal voter petition.  
8 The election shall be held pursuant to the Election Act or section  
9 77-3444, and all costs for a special election shall be paid by the  
10 district. A vote to exceed the applicable allowable growth rate  
11 may be approved on the same question as a vote to exceed the levy  
12 limits provided in section 77-3444.

13           Sec. 74. Section 79-1030, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           79-1030 A Class II, III, IV, or V ~~or VI~~ district may  
16 choose not to increase its general fund budget of expenditures by  
17 the full amount of its applicable allowable growth rate. In such  
18 cases, the department shall calculate the amount of unused budget  
19 authority which shall be carried forward to future budget years so  
20 a Class II, III, IV, or V ~~or VI~~ district may increase its general  
21 fund budget of expenditures in future budget years by the amount  
22 of such total unused budget authority in addition to its applicable  
23 allowable growth rate for the specific budget year.

24           Sec. 75. Section 79-1036, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

26           79-1036 (1) In making the apportionment under section  
27 79-1035, the Commissioner of Education shall distribute from the

1 school fund for school purposes, to any and all school districts  
2 in which there are situated school lands which have not been sold  
3 and transferred by deed or saline lands owned by the state, which  
4 lands are being used for a public purpose, an amount in lieu of  
5 tax money that would be raised if such lands were taxable, to  
6 be ascertained in accordance with subsection (2) of this section,  
7 except that: ~~(a) For~~ for Class I districts ~~or portions thereof~~ which  
8 are affiliated and in which there are situated school or saline  
9 lands, 38.6207 percent of the in lieu of land tax money calculated  
10 pursuant to subsection (2) of this section, based on the affiliated  
11 school system tax levy computed pursuant to section 79-1077, shall  
12 be distributed to the affiliated high school district and the  
13 remainder shall be distributed to the Class I district. +

14 ~~(b) For Class I districts or portions thereof which are~~  
15 ~~part of a Class VI district which offers instruction in grades nine~~  
16 ~~through twelve and in which there are situated school or saline~~  
17 ~~lands, 38.6207 percent of the in lieu of land tax money calculated~~  
18 ~~pursuant to subsection (2) of this section, based on the Class VI~~  
19 ~~school system levy computed pursuant to section 79-1078, shall be~~  
20 ~~distributed to the Class VI district and the remainder shall be~~  
21 ~~distributed to the Class I district;~~

22 ~~(c) For Class I districts or portions thereof which are~~  
23 ~~part of a Class VI district which offers instruction in grades~~  
24 ~~seven through twelve and in which there are situated school or~~  
25 ~~saline lands, 55.1724 percent of the in lieu of land tax money~~  
26 ~~calculated pursuant to subsection (2) of this section, based on the~~  
27 ~~Class VI school system levy computed pursuant to section 79-1078,~~

1 shall be distributed to the Class VI district and the remainder  
2 shall be distributed to the Class I district, and

3           (d) For Class I districts or portions thereof which are  
4 part of a Class VI district which offers instruction in grades six  
5 through twelve and in which there are situated school or saline  
6 lands, 62.0690 percent of the in lieu of land tax money calculated  
7 pursuant to subsection (2) of this section, based on the Class VI  
8 school system levy computed pursuant to section 79-1078, shall be  
9 distributed to the Class VI district and the remainder shall be  
10 distributed to the Class I district.

11           (2) The county assessor shall certify to the Commissioner  
12 of Education the tax levy for school purposes of each school  
13 district in which school land or saline land is located and the  
14 last appraised value of such school land, which value shall be  
15 the same percentage of the appraised value as the percentage of  
16 the assessed value is of market value in subsection (2) of section  
17 77-201 for the purpose of applying the applicable tax levy for  
18 each district in determining the distribution to the districts of  
19 such amounts. The school board of any school district in which  
20 there is located any leased or undeeded school land or saline land  
21 subject to this section may appeal to the Board of Educational  
22 Lands and Funds for a reappraisalment of such school land if such  
23 school board deems the land not appraised in proportion to the  
24 value of adjoining land of the same or similar value. The Board of  
25 Educational Lands and Funds shall proceed to investigate the facts  
26 involved in such appeal and, if the contention of the school board  
27 is correct, make the proper reappraisalment. The value calculation

1 in this subsection shall be used by the Commissioner of Education  
2 for making distributions in each school fiscal year.

3 Sec. 76. Section 79-1065.02, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5 79-1065.02 (1) State aid payments shall be adjusted to  
6 reflect transfers of property due to annexation, to any dissolution  
7 of a Class I school district, and to any reorganization involving  
8 one or more Class I school districts.

9 (2) This section applies whenever:

10 (a) A Class I school district dissolves or reorganizes  
11 in such a manner that the parcels of property making up the Class  
12 I district prior to the dissolution or reorganization which were  
13 affiliated with a Class II, III, IV, or V school district do not  
14 become part of the Class II, III, IV, or V school district with  
15 which such parcels of property were affiliated; or

16 (b) Property within the boundaries of a Class II, III,  
17 IV, or V, ~~or VI~~ school district is transferred to another school  
18 district due to a change in the school district boundaries in  
19 response to annexation of the transferred property by a city or  
20 village.

21 (3) To qualify for additional state aid pursuant to  
22 this section, the school district from which property is being  
23 transferred shall apply on a form prescribed by the State  
24 Department of Education on or before August 20 preceding the first  
25 school fiscal year for which the property will not be available for  
26 taxation for the school district's general fund levy. On or before  
27 such deadline, the applicant school district shall send copies of

1 the application to the high school districts of the local systems  
2 receiving valuation in the transfer. For purposes of this section,  
3 property is deemed transferred from the school district whether the  
4 property was within the boundaries of the school district or the  
5 property was affiliated with the school district.

6 (4) Upon receipt of the application, the department,  
7 with the assistance of the Property Tax Administrator, shall  
8 calculate the amount of additional state aid, if any, that the  
9 local system, as defined in section 79-1003, for the applicant  
10 school district would have received for such school fiscal year if  
11 the adjusted valuation for the transferred property had not been  
12 included in the adjusted valuation of such local system for the  
13 calculation of state aid for such school fiscal year. On or before  
14 September 20 of such school fiscal year, the department shall  
15 certify to the applicant school district the amount of additional  
16 state aid, if any, the district will receive. Except as otherwise  
17 provided in this subsection, if such applicant school district  
18 receives a lump-sum payment pursuant to subsection (2) of section  
19 79-1022, such lump-sum payment shall be increased by the amount  
20 of additional state aid. Except as otherwise provided in this  
21 subsection, if such applicant school district does not receive a  
22 lump-sum payment pursuant to such subsection, state aid payments  
23 shall be increased by one-tenth of the amount of additional state  
24 aid for each of the ten state aid payments for such school fiscal  
25 year. If a portion of the total reduction calculated pursuant  
26 to subsection (5) of this section for local systems receiving  
27 valuation in the transfer of property that is the subject of the

1 application is delayed until future years, the additional state aid  
2 to be paid in the school fiscal year described in subsection (3) of  
3 this section shall be reduced by the amount of the total reduction  
4 that is delayed until future years. The amount of the reduction  
5 shall be paid as additional aid in the next school fiscal year.

6 (5) The state aid payments shall be reduced for the high  
7 school district of each receiving local system. An amount equal to  
8 the additional state aid calculated pursuant to subsection (4) of  
9 this section for the local system of an applicant school district  
10 shall be attributed to the local systems receiving valuation in  
11 such transfer based upon the ratio of the adjusted valuation  
12 received by each local system divided by the total adjusted  
13 valuation transferred from the applicant school district. If such  
14 high school district receives a lump-sum payment pursuant to  
15 subsection (2) of section 79-1022, such lump-sum payment shall be  
16 reduced by the amount attributed to the receiving local system.  
17 If the high school district of a receiving local system does not  
18 receive a lump-sum payment pursuant to such subsection, state aid  
19 payments shall be reduced by one-tenth of the amount attributed  
20 to such receiving local system for each of the ten state aid  
21 payments for such school fiscal year. If the total reduction is  
22 greater than the total state aid payments for such school fiscal  
23 year, the remainder shall be subtracted from state aid payments  
24 in future school fiscal years until the total reduction has been  
25 subtracted from state aid payments. On or before September 20 of  
26 such school fiscal year, the department shall certify to the high  
27 school district of the receiving local system the amount of the

1 reduction in state aid.

2 (6) For purposes of the final calculation of state aid  
3 pursuant to section 79-1065, the adjusted valuation of the property  
4 that was transferred shall also be transferred for purposes of  
5 adjusted valuation for the final calculation of state aid. For  
6 determining adjustments in state aid pursuant to section 79-1065,  
7 the final calculation of state aid shall be compared to the  
8 state aid certified for such school fiscal year combined with  
9 any adjustments in state aid payments and transfers from other  
10 districts pursuant to this section.

11 Sec. 77. Section 79-1072, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 79-1072 The school board or board of education of any  
14 Class II, III, IV, or V ~~or VI~~ school district may establish  
15 a contingency fund for losses. Such contingency fund shall be  
16 established and maintained by transfers from the general fund  
17 of such school district as authorized by the school board or  
18 board of education of such school district. Disbursements from  
19 such contingency fund shall not exceed five percent of the total  
20 budgeted general fund expenditures of the school district and shall  
21 be used only for defense against losses, payment of losses, and  
22 transfer of funds to the general fund of such school district as  
23 authorized by the board.

24 Sec. 78. Section 79-1077, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

26 79-1077 ~~(1)~~ Whenever the affiliation of a Class I  
27 district ~~or portion thereof~~ becomes final, the general fund

1 property tax requirement of the high school district and each  
2 Class I district ~~or portion thereof~~ in an affiliated school system  
3 shall be certified to the county assessor for computation of  
4 an affiliated school system tax levy. The proceeds of such tax  
5 levy, upon collection by the county, shall be distributed to the  
6 districts in the affiliated school system in amounts which are  
7 in proportion to the amounts of the general fund property tax  
8 requirements certified by such districts to the county assessor.  
9 Such tax levy shall be computed as follows: ~~(a) If one or more Class~~  
10 ~~I districts affiliate with only one high school district,~~ the sum  
11 of the general fund property tax requirements of the high school  
12 district and all such affiliated Class I districts shall be divided  
13 by the sum of the assessed valuation, in hundreds, of all such  
14 districts. ~~or~~

15           ~~(b) If a Class I district or portion thereof affiliates~~  
16 ~~with more than one high school district,~~ such Class I district's  
17 general fund property tax requirement shall be apportioned to  
18 respective portions of such Class I district for purposes of this  
19 computation based on each portion's assessed taxable valuation in  
20 relation to the total assessed valuation of all affiliated portions  
21 of the Class I district certified by the county clerk pursuant to  
22 section 79-1074, and the affiliated school system tax levy shall  
23 be computed as though it were a single district as prescribed in  
24 subdivision ~~(a)~~ of this subsection.

25           ~~(2) When a Class I district or portion thereof affiliates~~  
26 ~~in part with one or more districts and in part becomes a part of~~  
27 ~~one or more Class VI districts,~~ the tax levy assessed on taxable

1 property within the Class I district to fund the portion of the  
2 budget of the Class I district which is to come from the general  
3 fund property tax requirement shall be made as follows:

4 (a) The proportionate share of the Class I district  
5 budget allocable to any affiliated system shall be assessed on  
6 all property within such affiliated system as described in this  
7 section; and

8 (b) The proportionate share of the Class I general fund  
9 property tax requirement not allocable to any affiliated system  
10 shall be assessed in accordance with section 79-1078.

11 Sec. 79. Section 79-1083.02, Revised Statutes Cumulative  
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
13 amended to read:

14 79-1083.02 On or before February 5, 2003, and on or  
15 before February 1, of each year thereafter, the State Department  
16 of Education shall designate a primary high school district for  
17 each Class I school district for the following school fiscal year.  
18 The primary high school district shall be the one Class II, III,  
19 IV, or V, ~~or VI~~ school district or the unified system with which  
20 the greatest share of the Class I district's assessed valuation is  
21 affiliated or of which such share is a part for the school fiscal  
22 year immediately preceding the school fiscal year for which the  
23 primary high school district determination is made. The department  
24 shall certify to all school districts and all county clerks the  
25 primary high school district for each Class I district.

26 Sec. 80. Section 79-1083.03, Revised Statutes Cumulative  
27 Supplement, 2006, as affected by Referendum 2006, No. 422, is

1 amended to read:

2 79-1083.03 ~~(1)(a)~~ If the primary high school district  
3 designated pursuant to section 79-1083.02 is a Class VI district,  
4 the Class I district's total allowable general fund budget of  
5 expenditures minus the special education budget of expenditures  
6 shall be determined by the school board of such Class VI district  
7 and shall be certified to the Class I district on or before June  
8 24, 2003, and on or before March 1 each year thereafter for the  
9 following school fiscal year.

10 ~~(b)~~ The Class VI primary high school district shall  
11 certify the total allowable general fund budget of expenditures  
12 minus the special education budget of expenditures for the Class I  
13 district to the State Department of Education on or before August  
14 1, 2003, and on or before April 20 each year thereafter.

15 ~~(2)~~ If the primary high school district is not a Class  
16 VI district, the (1) The Class I district's total allowable minimum  
17 budget authority for the general fund budget of expenditures minus  
18 the special education budget of expenditures shall be determined by  
19 the department as follows and certified on or before June 15, 2003,  
20 and certified on or before February 1 each year thereafter, for the  
21 following school fiscal year and shall equal the greater of fifty  
22 thousand dollars or the cost grouping cost per student for the  
23 local system's cost grouping multiplied by the adjusted weighted  
24 formula students attributed to the Class I school district for the  
25 certification of aid pursuant to section 79-1022. For new Class I  
26 school districts which will be created for the following school  
27 year pursuant to orders issued by the State Committee for the

1 Reorganization of School Districts, the minimum budget authority  
2 for the general fund budget of expenditures minus the special  
3 education budget of expenditures shall equal the greater of fifty  
4 thousand dollars or the cost grouping cost per student for the  
5 local system's cost grouping multiplied by the estimated number of  
6 students included in the plan pursuant to section 1 of this act.  
7 For new Class I school districts created after a primary election,  
8 the minimum budget authority shall be certified by the department  
9 within forty days following the primary election. +

10           (a) The total allowable general fund budget of  
11 expenditures minus the special education budget of expenditures  
12 for the Class I district in the school fiscal year immediately  
13 preceding the school fiscal year for which the budget is prepared  
14 shall be divided by the formula students in the Class I district  
15 as defined in section 79-1003, and the result shall be increased  
16 by the applicable allowable growth rate for the primary high  
17 school district's local system for the ensuing school fiscal year  
18 calculated pursuant to section 79-1026 as determined on or before  
19 June 15, 2003, and on or before February 1 each year thereafter, of  
20 the school fiscal year immediately preceding the school fiscal year  
21 for which the budget is prepared;

22           (b) The total allowable general fund budget of  
23 expenditures minus the special education budget of expenditures  
24 for the primary high school district in the school fiscal year  
25 immediately preceding the school fiscal year for which the budget  
26 is prepared shall be divided by the formula students as defined  
27 in section 79-1003 in the primary high school district weighted

1 by the grade weighting factors contained in subdivision (1)(a)  
2 of section 79-1007.01, and the result shall be multiplied by the  
3 kindergarten through grade eight formula students as defined in  
4 section 79-1003 weighted by the grade weighting factors contained  
5 in subdivision (1)(a) of section 79-1007.01 to calculate the total  
6 allowable general fund budget of expenditures minus the special  
7 education budget of expenditures for kindergarten through grade  
8 eight in the primary high school district. The total allowable  
9 general fund budget of expenditures minus the special education  
10 budget of expenditures for kindergarten through grade eight shall  
11 be divided by the kindergarten through grade eight formula students  
12 without weighting. The result shall be increased by the applicable  
13 allowable growth rate for the primary high school district's local  
14 system for the ensuing school fiscal year calculated pursuant to  
15 section 79-1026 as determined on or before June 15, 2003, and on or  
16 before February 1 each year thereafter, of the school fiscal year  
17 immediately preceding the school fiscal year for which the budget  
18 is prepared.

19 (c) The amounts calculated in subdivisions (2)(a) and  
20 (2)(b) of this section shall be summed and the result divided  
21 by two to arrive at the total allowable general fund budget of  
22 expenditures minus the special education budget of expenditures per  
23 formula student for the Class I district, and

24 (d) The total allowable general fund budget of  
25 expenditures minus the special education budget of expenditures per  
26 formula student for the Class I district shall be multiplied by  
27 the formula students as defined in section 79-1003 for the Class I

1 district as used by the department for certification of the ensuing  
2 school fiscal year's state aid, and the result shall be the total  
3 allowable general fund budget of expenditures minus the special  
4 education budget of expenditures for the Class I district for the  
5 ensuing school fiscal year except as provided in subsection (3) of  
6 this section.

7           ~~(3)(a)~~ (2)(a) The school board of the Class I district  
8 may, shall, on or before July 1, 2003, and on or before March 10,  
9 each year thereafter, submit a request to exceed the for a total  
10 allowable general fund budget of expenditures minus the special  
11 education budget of expenditures to all the school boards the  
12 school board of the high school district or districts with which  
13 the Class I district is affiliated, or of which it is a part. For  
14 Class I districts to exceed the total allowable general fund budget  
15 of expenditures minus the special education budget of expenditures,  
16 the total general fund budget of expenditures request shall be  
17 approved by high school districts, including the primary high  
18 school district, such that the portions of the Class I district  
19 that are affiliated with or part of the approving high school  
20 districts comprise at least two-thirds of the assessed valuation  
21 of the Class I district. Such request shall specify the total  
22 general fund budget of expenditures, broken down by expenditures  
23 for special education, for regular education, and for special grant  
24 funds as defined in section 79-1003, for which the Class I district  
25 seeks authority.

26           (b) The high school district shall approve or deny the  
27 request on or before July 15, 2003, and on or before April 10 each

1 ~~year thereafter~~ following the receipt of such request and shall  
2 forward written notification to the Class I district of approval  
3 or denial. A request for additional budget authority shall be  
4 considered approved in the full amount of the request if (i) no  
5 action is taken by the high school district or (ii) the high school  
6 district fails to send written notification to the Class I district  
7 of the denial of a request for additional budget authority. The  
8 high school district may modify the request prior to approval,  
9 except that the total allowable general fund budget of expenditures  
10 minus the special education budget of expenditures shall not be  
11 less than the minimum budget authority calculated pursuant to  
12 subsection (1) of this section for an approved request. If the high  
13 school district denies the request, the total allowable general  
14 fund budget of expenditures minus the special education budget of  
15 expenditures shall be zero. The total allowable general fund budget  
16 of expenditures minus the special education budget of expenditures  
17 for a Class I school district shall be included within the budget  
18 authority of the high school district.

19           ~~(4)~~ (3) The school board of a Class I district may,  
20 after October 15 of each year, amend the general fund budget of  
21 expenditures (a) by increasing the special education budget of  
22 expenditures, (b) for any special grant funds as defined in section  
23 79-1003 received any time during a school fiscal year, or (c) for  
24 current fiscal year expenditures the board deems essential if the  
25 expenditures could not reasonably have been anticipated at the time  
26 the budget for the current year was adopted. A copy of the revised  
27 budget shall be filed pursuant to subsection (4) of section 13-511

1 and section 79-1024.

2 ~~(5) All (4) Each Class I districts district~~ shall certify  
3 the items required by subsection (1) of section 13-508 to ~~all of~~  
4 ~~their high school districts~~ its high school district on or before  
5 August 1.

6 ~~(6) (5) All~~ primary high school districts shall certify  
7 to the department and ~~all other affected districts,~~ ~~on or before~~  
8 ~~August 1, 2003,~~ and on or before April 20 each year thereafter,  
9 the approved total allowable general fund budget of expenditures  
10 minus the special education budget of expenditures for a each Class  
11 I district when the Class I district has requested to exceed its  
12 certified budget authority and the request has been approved, with  
13 which the high school district is affiliated.

14 Sec. 81. Section 79-10,103, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 79-10,103 (1) The school board of any school district  
17 may lease, purchase, acquire, own, manage, and hold title to  
18 real property which is located outside of its school district for  
19 laboratory, recreation, camping, or educational facilities, except  
20 that any purchase costing (a) more than one thousand dollars by  
21 any Class I or II school district or (b) more than five thousand  
22 dollars by any Class III, IV, or V, ~~or VI~~ school district shall  
23 be submitted to a vote of the legal voters in that school district  
24 seeking to acquire the property.

25 (2) The election provisions of this section do not  
26 apply when a school district which currently owns real property  
27 outside the school district desires to lease, purchase, acquire,

1 own, manage, and hold title to additional real property located  
2 contiguous to such property for laboratory, recreation, camping, or  
3 educational facilities.

4 Sec. 82. Section 79-10,110, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 79-10,110 (1) After making a determination that an actual  
7 or potential environmental hazard or accessibility barrier exists,  
8 that a life safety code violation exists, or that expenditures  
9 are needed for indoor air quality or mold abatement and prevention  
10 within the school buildings or grounds under its control, a school  
11 board may make and deliver to the county clerk of such county  
12 in which any part of the school district is situated, not later  
13 than the date provided in section 13-508, an itemized estimate of  
14 the amounts necessary to be expended for the abatement of such  
15 environmental hazard, for accessibility barrier elimination, or for  
16 modifications for life safety code violations, indoor air quality,  
17 or mold abatement and prevention in such school buildings or  
18 grounds. The board shall conduct a public hearing on the itemized  
19 estimate prior to presenting such estimate to the county clerk.  
20 Notice of the place and time of such hearing shall, at least five  
21 days prior to the date set for hearing, be published in a newspaper  
22 of general circulation within the school district. The board shall  
23 designate the particular environmental hazard abatement project,  
24 accessibility barrier elimination project, or modification for life  
25 safety code violations, indoor air quality, or mold abatement and  
26 prevention for which the tax levy provided for by this section will  
27 be expended, the period of years, which shall not exceed ten years,

1 for which the tax will be levied for such project, and the amount  
2 of the levy for each year of the period.

3 (2) After a public hearing, a school board may undertake  
4 any qualified capital purpose in any qualified zone academy under  
5 its control and may levy a tax as provided in this section to  
6 repay a qualified zone academy bond issued for such undertaking.  
7 The board shall designate the particular qualified capital purpose  
8 for which the qualified zone academy bond was issued and for which  
9 the tax levy provided for by this section will be expended, the  
10 period of years, not exceeding fifteen, for which the tax will be  
11 levied for such qualified zone academy bond, and the amount of the  
12 levy for each year of the period. The hearing required by this  
13 subsection shall be held only after notice of such hearing has been  
14 published for three consecutive weeks prior to the hearing in a  
15 legal newspaper published or of general circulation in the school  
16 district.

17 (3) The board may designate more than one project under  
18 subsection (1) of this section or qualified capital purpose  
19 under subsection (2) of this section and levy a tax pursuant  
20 to this section for each such project or qualified capital  
21 purpose, concurrently or consecutively, as the case may be, if  
22 the aggregate levy in each year and the duration of each such  
23 levy will not exceed the limitations specified in this section.  
24 Each levy for a project or qualified capital purpose which is  
25 authorized by this section may be imposed for such duration as  
26 the board specifies, notwithstanding the contemporaneous existence  
27 or subsequent imposition of any other levy for another project

1 or qualified capital purpose imposed pursuant to this section and  
2 notwithstanding the subsequent issuance by the district of bonded  
3 indebtedness payable from its general fund levy.

4 (4) The county clerk shall levy such taxes, not to  
5 exceed five and one-fifth cents per one hundred dollars of taxable  
6 valuation for Class II, III, IV, and V~~7~~ ~~and VI~~ districts, and  
7 not to exceed the limits set for Class I districts in section  
8 79-10,124, on the taxable property of the district necessary to (a)  
9 cover the environmental hazard abatement or accessibility barrier  
10 elimination project costs or costs for modification for life  
11 safety code violations, indoor air quality, or mold abatement and  
12 prevention itemized by the board pursuant to subsection (1) of this  
13 section and (b) repay any qualified zone academy bonds pursuant to  
14 subsection (2) of this section. Such taxes shall be collected by  
15 the county treasurer at the same time and in the same manner as  
16 county taxes are collected and when collected shall be paid to the  
17 treasurer of the district and used to cover the project costs.

18 (5) If such board operates grades nine through twelve  
19 as part of an affiliated school system, it shall designate the  
20 fraction of the project or undertaking to be conducted for the  
21 benefit of grades nine through twelve. Such fraction shall be  
22 raised by a levy placed upon all of the taxable value of all  
23 taxable property in the affiliated school system pursuant to  
24 subsection (2) of section 79-1075. The balance of the project or  
25 undertaking to be conducted for the benefit of grades kindergarten  
26 through eight shall be raised by a levy placed upon all of the  
27 taxable value of all taxable property in the district which is

1 governed by such board. The combined rate for both levies in the  
2 high school district, to be determined by such board, shall not  
3 exceed five and one-fifth cents on each one hundred dollars of  
4 taxable value.

5 (6) Each board which submits an itemized estimate shall  
6 establish an environmental hazard abatement and accessibility  
7 barrier elimination project account, a life safety code  
8 modification project account, an indoor air quality project  
9 account, or a mold abatement and prevention project account, and  
10 each board which undertakes a qualified capital purpose shall  
11 establish a qualified capital purpose undertaking account, within  
12 the qualified capital purpose undertaking fund. Taxes collected  
13 pursuant to this section shall be credited to the appropriate  
14 account to cover the project or undertaking costs. Such estimates  
15 may be presented to the county clerk and taxes levied accordingly.

16 (7) For purposes of this section:

17 (a) Abatement includes, but is not limited to, any  
18 inspection and testing regarding environmental hazards, any  
19 maintenance to reduce, lessen, put an end to, diminish, moderate,  
20 decrease, control, dispose of, or eliminate environmental hazards,  
21 any removal or encapsulation of environmentally hazardous material  
22 or property, any restoration or replacement of material or  
23 property, any related architectural and engineering services, and  
24 any other action to reduce or eliminate environmental hazards in  
25 the school buildings or on the school grounds under the board's  
26 control, except that abatement does not include the encapsulation  
27 of any material containing more than one percent friable asbestos;

1           (b) Accessibility barrier means anything which impedes  
2 entry into, exit from, or use of any building or facility by all  
3 people;

4           (c) Accessibility barrier elimination includes, but is  
5 not limited to, inspection for and removal of accessibility  
6 barriers, maintenance to reduce, lessen, put an end to, diminish,  
7 control, dispose of, or eliminate accessibility barriers, related  
8 restoration or replacement of facilities or property, any related  
9 architectural and engineering services, and any other action to  
10 eliminate accessibility barriers in the school buildings or grounds  
11 under the board's control;

12           (d) Environmental hazard means any contamination of the  
13 air, water, or land surface or subsurface caused by any substance  
14 adversely affecting human health or safety if such substance has  
15 been declared hazardous by a federal or state statute, rule, or  
16 regulation;

17           (e) Modification for indoor air quality includes, but  
18 is not limited to, any inspection and testing regarding indoor  
19 air quality, any maintenance to reduce, lessen, put an end to,  
20 diminish, moderate, decrease, control, dispose of, or eliminate  
21 indoor air quality problems, any restoration or replacement of  
22 material or related architectural and engineering services, and any  
23 other action to reduce or eliminate indoor air quality problems  
24 or to enhance air quality conditions in new or existing school  
25 buildings or on school grounds under the control of a school board;

26           (f) Modification for life safety code violation includes,  
27 but is not limited to, any inspection and testing regarding life

1 safety codes, any maintenance to reduce, lessen, put an end to,  
2 diminish, moderate, decrease, control, dispose of, or eliminate  
3 life safety hazards, any restoration or replacement of material or  
4 property, any related architectural and engineering services, and  
5 any other action to reduce or eliminate life safety hazards in new  
6 or existing school buildings or on school grounds under the control  
7 of a school board;

8 (g) Modification for mold abatement and prevention  
9 includes, but is not limited to, any inspection and testing  
10 regarding mold abatement and prevention, any maintenance to  
11 reduce, lessen, put an end to, diminish, moderate, decrease,  
12 control, dispose of, or eliminate mold problems, any restoration or  
13 replacement of material or related architectural and engineering  
14 services, and any other action to reduce or eliminate mold problems  
15 or to enhance air quality conditions in new or existing school  
16 buildings or on school grounds under the control of a school board;

17 (h) Qualified capital purpose means (i) rehabilitating or  
18 repairing the public school facility in which the qualified zone  
19 academy is established or (ii) providing equipment for use at such  
20 qualified zone academy;

21 (i) Qualified zone academy has the meaning found in 26  
22 U.S.C. 1397E(d)(4), as such section existed on April 6, 2001;

23 (j) Qualified zone academy allocation means the  
24 allocation of the qualified zone academy bond limitation by the  
25 State Department of Education to the qualified zone academies  
26 pursuant to 26 U.S.C. 1397E(e)(2), as such section existed on April  
27 6, 2001; and

1           (k) Qualified zone academy bond has the meaning found in  
2 26 U.S.C. 1397E(d) (1), as such section existed on May 8, 2001.

3           (8) Accessibility barrier elimination project costs  
4 includes, but is not limited to, inspection, maintenance,  
5 accounting, emergency services, consultation, or any other action  
6 to reduce or eliminate accessibility barriers.

7           (9) For the purpose of paying amounts necessary for  
8 the abatement of environmental hazards, accessibility barrier  
9 elimination, or modifications for life safety code violations,  
10 indoor air quality, or mold abatement and prevention, the board may  
11 borrow money and issue bonds and other evidences of indebtedness  
12 of the district, which bonds and other evidences of indebtedness  
13 shall be secured by and payable from an irrevocable pledge by the  
14 district of amounts received in respect of the tax levy provided  
15 for by this section and any other funds of the district available  
16 therefor. Bonds and other evidences of indebtedness issued by a  
17 district pursuant to this subsection shall not constitute a general  
18 obligation of the district or be payable from any portion of its  
19 general fund levy.

20           (10) The total principal amount of bonds for  
21 modifications to correct life safety code violations, for indoor  
22 air quality problems, or for mold abatement and prevention which  
23 may be issued pursuant to this section shall not exceed the total  
24 amount specified in the itemized estimate described in subsection  
25 (1) of this section.

26           (11) The total principal amount of qualified zone academy  
27 bonds which may be issued pursuant to this section for qualified

1 capital purposes with respect to a qualified zone academy shall  
2 not exceed the qualified zone academy allocation granted to the  
3 board by the department. The total amount that may be financed by  
4 qualified zone academy bonds pursuant to this section for qualified  
5 purposes with respect to a qualified zone academy shall not exceed  
6 seven and one-half million dollars statewide in a single year.  
7 In any year that the Nebraska qualified zone academy allocations  
8 exceed seven and one-half million dollars for qualified capital  
9 purposes to be financed with qualified zone academy bonds issued  
10 pursuant to this section, (a) the department shall reduce such  
11 allocations proportionally such that the statewide total for such  
12 allocations equals seven and one-half million dollars and (b) the  
13 difference between the Nebraska allocation and seven and one-half  
14 million dollars shall be available to qualified zone academies for  
15 requests that will be financed with qualified zone academy bonds  
16 issued without the benefit of this section.

17           Nothing in this section directs the State Department of  
18 Education to give any preference to allocation requests that will  
19 be financed with qualified zone academy bonds issued pursuant to  
20 this section.

21           Sec. 83. Section 79-10,114, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23           79-10,114 No school property of any kind belonging to  
24 any Class II, III, or IV<sub>7</sub>, ~~or~~ VI school district shall be sold  
25 by the school board or board of education except at a regular  
26 meeting of the board and with an affirmative recorded vote of at  
27 least two-thirds of all the members of the board. Proceeds of sale

1 of school property sold as provided in this section may be held  
2 separately from other funds of the school district and may be used  
3 for any school purpose as the board may determine, including, but  
4 not limited to, acquiring sites for school buildings or teacherages  
5 and purchasing existing buildings for use as school buildings or  
6 teacherages, including the sites upon which such buildings are  
7 located, and the erection, alteration, equipping, and furnishing of  
8 school buildings or teacherages.

9           Sec. 84. Section 79-10,117, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11           79-10,117 The legal voters of any Class III ~~or VI~~ school  
12 district have the power, at an election or at any annual or special  
13 meeting, to (1) direct the purchasing or leasing of any appropriate  
14 site and the building, hiring, or purchasing of a teacherage  
15 for the purpose of providing housing facilities for the school  
16 employees of the district, (2) determine the amount necessary to be  
17 expended for such purposes the succeeding year, and (3) vote on a  
18 tax on the property of the district for the payment of the amount.

19           Sec. 85. Section 79-10,118, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           79-10,118 A tax to establish a special fund for the  
22 building, hiring, or purchasing of a teacherage for the purpose of  
23 providing housing facilities for the school employees of any Class  
24 III ~~or VI~~ district may be levied when authorized by fifty-five  
25 percent of the legal voters voting on the proposition. The notice  
26 of the proposal to establish such special fund shall include the  
27 sum to be raised or the amount of the tax to be levied, the

1 period of years, and the time of its taking effect. If fifty-five  
2 percent of the legal voters voting at any such election vote in  
3 favor of the proposition, the result of such election shall be  
4 certified to the county board which, upon being satisfied that all  
5 the requirements have been substantially complied with, shall cause  
6 the proceedings to be entered upon the record of the county board  
7 and shall make an order that the levy be made in accordance with  
8 the election result and collected as other taxes.

9           Sec. 86. Section 79-10,120, Revised Statutes Cumulative  
10 Supplement, 2006, is amended to read:

11           79-10,120 The school board or board of education of a  
12 Class II, III, IV, or V, ~~or VI~~ school district may establish a  
13 special fund for purposes of acquiring sites for school buildings  
14 or teacherages, purchasing existing buildings for use as school  
15 buildings or teacherages, including the sites upon which such  
16 buildings are located, and the erection, alteration, equipping,  
17 and furnishing of school buildings or teacherages and additions  
18 to school buildings for elementary and high school grades and  
19 for no other purpose. For school districts that are not members  
20 of learning communities, the fund shall be established from the  
21 proceeds of an annual levy, to be determined by the board, of  
22 not to exceed fourteen cents on each one hundred dollars upon  
23 the taxable value of all taxable property in the district which  
24 shall be in addition to any other taxes authorized to be levied  
25 for school purposes. Such tax shall be levied and collected as  
26 are other taxes for school purposes. For school districts that are  
27 members of a learning community, such fund shall be established

1 from the proceeds of the learning community special building funds  
2 levy directed to the school district for such purpose pursuant  
3 to subdivision (2)(f) of section 77-3442 and the proceeds of any  
4 school district special building fund levy pursuant to subdivision  
5 (2)(b) of section 77-3442.

6 Sec. 87. Section 79-1217, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8 79-1217 (1) All educational service units, except  
9 Educational Service Units No. 18 and 19, shall be governed by a  
10 board to be known as the Board of Educational Service Unit No.  
11 ..... The educational service unit board shall be composed of  
12 one member from each county and four members at large, all of whom  
13 shall reside within the geographical boundaries of the educational  
14 service unit, but no more than two of the members at large shall  
15 be appointed or elected from the same county unless any one county  
16 within the educational service unit has a population in excess of  
17 one hundred fifty thousand inhabitants or the educational service  
18 unit consists of only one county. The four candidates who receive  
19 the highest number of votes for at-large representative shall be  
20 elected, except that if more than two of such candidates reside  
21 within the same county which has a population of one hundred fifty  
22 thousand inhabitants or less, the candidates from such county  
23 receiving fewer votes than the two candidates receiving the highest  
24 number of votes for at-large representative from such county shall  
25 not be elected and a vacancy or vacancies shall exist for at-large  
26 representative. The vacancy shall be filled pursuant to subsection  
27 (2) of this section. Successors to the members initially appointed

1 shall be elected pursuant to section 32-515.

2 (2) Vacancies in office shall occur as set forth in  
3 section 32-560. Whenever any vacancy occurs on the board, the  
4 remaining members of such board shall appoint an individual  
5 residing within the geographical boundaries of the educational  
6 service unit and meeting the qualifications for the office to fill  
7 such vacancy for the balance of the unexpired term.

8 (3) Members of the board shall receive no compensation  
9 for their services but shall be reimbursed for the actual and  
10 necessary expenses incurred in the performance of their duties  
11 under the Educational Service Units Act as provided in sections  
12 81-1174 to 81-1177.

13 (4) ~~Except as provided in subsection (5) of this section,~~  
14 ~~any~~ Any joint school district located in two or more counties shall  
15 be considered a part of the educational service unit in which the  
16 greater number of school-age children of such joint school district  
17 reside. All legal voters of any such joint school district shall be  
18 eligible to hold office as the county representative of the county  
19 in which the greater number of school-age children reside. Any  
20 legal voter of any joint school district shall be eligible to hold  
21 office as the at-large representative if such legal voter resides  
22 within the geographical boundary of the school district comprising  
23 the educational service unit.

24 ~~(5) Any Class I district which is part of a Class VI~~  
25 ~~district shall be considered a part of the educational service~~  
26 ~~unit of which the Class VI district is a member. If the Class~~  
27 ~~VI district has removed itself from an educational service unit,~~

1 each Class I district which is part of such Class VI district may  
2 continue its existing membership in an educational service unit  
3 or may change its status relative to membership in an educational  
4 service unit in accordance with section 79-1209. The patrons of a  
5 Class I district maintaining membership in an educational service  
6 unit pursuant to this subsection shall have the same rights and  
7 privileges as other patrons of the educational service unit, and  
8 the taxable valuation of the taxable property within the geographic  
9 boundaries of such Class I district shall be subject to the  
10 educational service unit's tax levy established pursuant to section  
11 79-1225.

12           ~~(6)~~ (5) The administrator of each educational service  
13 unit, prior to July 1 of each year in which a statewide primary  
14 election is to be held, shall certify to the election commissioner  
15 or county clerk of each county located within the unit the  
16 corporate name of each school district, as described in section  
17 79-405, located within the county. If a school district is a joint  
18 school district located in two or more counties, the administrator  
19 shall certify to each election commissioner or county clerk the  
20 educational service unit of which the school district is considered  
21 to be a part.

22           ~~(7)~~ (6) Educational Service Unit No. 18 shall be governed  
23 by the school board of School District 55-001 of Lancaster County.

24           ~~(8)~~ (7) Educational Service Unit No. 19 shall be governed  
25 by the school board of School District 28-001 of Douglas County.

26           Sec. 88. Section 79-1504, Reissue Revised Statutes of  
27 Nebraska, is amended to read:

1           79-1504 The provisions of Article III, SECTION A., of the  
2 Compact for Education notwithstanding, the members of the Education  
3 Commission of the States representing this state shall consist  
4 of the Governor, three members of the Legislature selected by  
5 the Executive Board of the Legislative Council, and three members  
6 appointed by the Governor. Of the three members appointed by the  
7 Governor, one member shall be a member of a school board or board  
8 of education of a Class II, III, IV, or V ~~or VI~~ school district or  
9 an appointed representative of a state association of school boards  
10 or boards of education representing such districts.

11           Sec. 89. The Revisor of Statutes shall assign sections 1  
12 to 8 of this act within Chapter 79.

13           Sec. 90. Original sections 32-570, 79-498, 79-4,100,  
14 79-4,103, 79-501, 79-502, 79-524, 79-525, 79-526, 79-559, 79-569,  
15 79-570, 79-572, 79-576, 79-577, 79-578, 79-579, 79-580, 79-581,  
16 79-587, 79-588, 79-594, 79-5,107, 79-716, 79-828, 79-1023, 79-1029,  
17 79-1036, 79-1072, 79-1077, 79-10,103, 79-10,110, 79-10,114,  
18 79-10,117, 79-10,118, 79-1217, and 79-1504, Reissue Revised  
19 Statutes of Nebraska, sections 23-3302, 72-2304, 79-528, 79-554,  
20 79-586, 79-1001, 79-1007.02, 79-1030, 79-1065.02, and 79-10,120,  
21 Revised Statutes Cumulative Supplement, 2006, and sections  
22 79-102, 79-401, 79-402, 79-403, 79-413, 79-415, 79-416, 79-418,  
23 79-419, 79-423, 79-431, 79-433, 79-434, 79-443, 79-447, 79-452,  
24 79-454, 79-455, 79-470, 79-472, 79-473, 79-479, 79-494, 79-495,  
25 79-4,101, 79-611, 79-850, 79-1003, 79-1026, 79-1028, 79-1083.02,  
26 and 79-1083.03, Revised Statutes Cumulative Supplement, 2006, as  
27 affected by Referendum 2006, No. 422, are repealed.

1           Sec. 91. The following sections are outright repealed:  
2 Sections 32-546, 79-523, 79-553, 79-563, 79-568, 79-585, 79-5,108,  
3 79-717, and 79-1078, Reissue Revised Statutes of Nebraska, and  
4 sections 79-404, 79-410, 79-411, 79-417, 79-424, 79-425, 79-426,  
5 79-477, 79-478, 79-4,109, 79-4,110, and 79-4,111, Revised Statutes  
6 Cumulative Supplement, 2006, as affected by Referendum 2006, No.  
7 422.

8           2. On page 1, line 9, after the third comma insert  
9 "79-1001, 79-1007.02,".

10           3. On page 2, line 6, after the first semicolon insert  
11 "to change provisions relating to the Tax Equity and Educational  
12 Opportunities Support Act; to provide a duty for the Revisor of  
13 Statutes;".